

2507

OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

DESOTO PARISH POLICE JURY
Mansfield, Louisiana

Primary Government Financial Statements

Year Ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/22/08

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Table of Contents
December 31, 2007**

	<u>Page</u>
Independent Auditor's Report.....	1-2
Required Supplementary Information – Part I:	
Management's Discussion and Analysis.....	3-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities.....	15-16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	17-18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Fund:	
Statement of Net Assets	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	24
Statement of Cash Flows.....	25
Notes to Financial Statements	26-54
Required Supplementary Information – Part II:	
Budgetary Comparison Schedules:	
General Fund.....	55-56
Solid Waste Fund	57-58
Road Fund	59-60
Rental Assistance Fund	61

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Table of Contents (Continued)
December 31, 2007**

	<u>Page</u>
Budgetary Comparison Schedules – (Continued):	
Community Services Fund	62-63
Criminal Court Fund	64
Sales Tax Fund	65
WIA Fund.....	66
Notes to Required Supplementary Information	67
Other Supplementary Information:	
Other Governmental Funds	68
Combining Balance Sheet- Other Governmental Funds	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Other Governmental Funds	70-71
Schedule of Compensation Paid to Police Jurors	72
Schedule of Expenditures of Federal Awards	73-74
Notes to the Schedule of Expenditures of Federal Awards	75
Other Reports Required by Government Auditing Standards, the Louisiana Governmental Audit Guide, and OMB Circular A-133:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	76-77
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	78-79
Schedule of Findings and Questioned Costs	80-90
Management’s Summary Schedule of Prior Audit Findings	91-94
Corrective Action Plan for Current Year Audit Findings	95-96

Independent Auditor's Report

WILLIAM E. WEATHERFORD, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

DeSoto Parish Police Jury
Mansfield, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeSoto Parish Police Jury, Mansfield, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements of the Police Jury's primary government as listed in the table of contents. These financial statements are the responsibility of the DeSoto Parish Police Jury's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Police Jury's internal control over financial reporting. Accordingly, I express no such opinion.

The financial statements do not include financial data for the Police Jury's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Police Jury's primary government unless the Police Jury also issues financial statements for the financial reporting entity that include the financial data for its component units. The Police Jury has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the amount of assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units that would have been presented is unknown.

In my opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Police Jury as of December 31, 2007, or the changes in financial position thereof for the year then ended.

Further, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Police Jury as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flow thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report, dated September 10, 2008 on my consideration of the DeSoto Parish Police Jury's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.

POST OFFICE BOX 5946, SHREVEPORT, LA 71135
PHONE: 318-798-1978 FAX: 318-798-1917

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and on pages 55 through 67, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the DeSoto Parish Police Jury's primary government. The accompanying financial information listed as "other supplementary information" in the table of contents, including the schedule of expenditures of federal awards as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the primary government basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements of the primary government taken as a whole.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
September 10, 2008

Required Supplementary Information – Part I

Management's Discussion and Analysis



DeSoto Parish Police Jury

P.O. Box 898 Mansfield, Louisiana 71052
PHONE: (318) 872-0738 FAX: (318) 872-5343

OFFICERS

Bryant Yopp
President

Ernel Jones
Vice President

Shirley C. Wheelless
Secretary

Linda Gatlin
Treasurer

MEMBERS

Jerry Moncrief
Longstreet, LA 71050
District 1A

Dewayne Mitchell
Logansport, LA 71049
District 1B

J.O. Burch
Mansfield, LA 71052
District 1C

Bryant Yopp
Stonewall, LA 71078
District 2

Greg Baker
Stonewall, LA 71078
District 3

Richard Fuller
Mansfield, LA 71052
District 4A

Jeff Heard
Mansfield, LA 71052
District 4B

Ernel Jones
Mansfield, LA 71052
District 4C

Sylvester Mayweather
Mansfield, LA 71052
District 4D

Reggie Roe
Frierson, LA 71027
District 5

Fred Jones
Pelican, LA 71063
District 6

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the DeSoto Parish Police Jury, Mansfield, Louisiana, (hereafter referred to as the Police Jury) we offer the readers of the Police Jury's financial statements this narrative overview and analysis of the financial activities of the Police Jury as of and for the year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with the Police Jury's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

The Police Jury's total net assets increased \$3,989,804 (20.33%) during 2007 compared to an increase of \$2,365,641 (13.71%) the prior year. At December 31, 2007, the assets of the Police Jury exceeded its liabilities by \$23,613,674 compared to the prior year's ending net assets of \$19,623,870. This increase is primarily due to an increase in ad valorem tax revenues of \$892,336, an increase in gains on the sale of assets of \$828,761, an increase in sales tax revenues of \$282,957, and an increase in road damage assessments of \$237,527.

Unrestricted net assets, which represents the amount available to be used to meet ongoing obligations to the citizens of DeSoto Parish and creditors in accordance with the Police Jury's fund designation and fiscal policies increased \$2,289,819 (32.76%) during 2007 to \$9,279,366 compared to \$6,989,547 as of December 31, 2006.

At the close of the fiscal year, the Police Jury's governmental funds reported a combined ending fund balance of \$10,989,395, an increase of \$2,508,082 (29.57%) compared to the prior year.

Ad valorem tax (property tax) revenues increased \$892,336 (25.68%) during 2007 totaling \$4,367,400 compared to \$3,475,064 during the prior year.

On March 12, 2007, the Police Jury sold the old health unit property located in the City of Mansfield, Louisiana, at the intersection of McEnery Street and Jenkins Street to the Louisiana Department of Transportation and Development for \$832,000.

Police Jury expenditures for LACE payments to provide improved public safety for the citizens of DeSoto Parish increased \$95,833 (39.17%) from \$244,633 during 2006 to \$340,466 during 2007.

Salary expense increased \$149,185 (5.21%) during 2007 from \$2,861,427 during 2006 to \$3,010,612.

On November 13, 2007, the Jury adopted Ordinance 7 of 2007 which authorized collection of fees for the Eastside Sewer System by the City of Mansfield.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Police Jury's basic financial statements. The Police Jury's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The basic financial statements include two kinds of financial statements that present different views of the Police Jury - the **Government-Wide Financial Statements** and the **Fund Financial Statements**. The **Notes to the Financial Statements** explain some of the information in the financial statements and provide additional detail. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the Police Jury's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Police Jury's financial position, which assists users in assessing the Police Jury's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid and include all assets of the Police Jury (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements:

- **The *statement of net assets*** presents information on all of the Police Jury's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Police Jury's net assets may serve as a useful indicator of whether the financial position of the Police Jury is improving or deteriorating.
- **The *statement of activities*** presents information showing how the Police Jury's net assets changed during the most recent year using the full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

These two statements report the Police Jury's *net assets* and changes in them. You can think of the Police Jury's net assets – the difference between assets and liabilities – as one way to measure the Police Jury's financial health, or *financial position*. Over time, *increases* or *decreases* in the Police Jury's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Police Jury's property tax base, to assess the overall health of the Police Jury.

Both of the above financial statements have separate sections for the two different types of Police Jury activities. These activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). Most services normally associated with a police jury fall into this category, including general government, public safety, public works, sanitation, health and welfare, cultural and recreation, community development, economic development, and transportation.

Business-type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the Police Jury consist of the provision of sewer services.

The Government-Wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Police Jury, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Police Jury government, reporting the Police Jury's operations in more detail than the government-wide statements. The funds of the Police Jury can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

- *Governmental funds.* Most of the basic services provided by the Police Jury are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Police Jury's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Police Jury's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Police Jury.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Police Jury's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Police Jury maintains thirteen governmental funds: the General Fund and twelve special revenue funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Solid Waste Fund, the Road Fund, the Rental Assistance Fund, the Community services Fund, the Criminal Court Fund, the Sales Tax Fund, and the WIA Fund, which are classified as major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found immediately following the government – wide financial statements.

- *Proprietary Funds.* These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The Police Jury has one enterprise fund, the Eastside Sewer Fund, which is considered a major proprietary fund for presentation purposes.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the funds financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules for the General Fund and major special revenue funds. Annual budgets are prepared on the cash basis. Following the required supplementary information is supplementary information including a combining balance sheet for other governmental funds, a combining statement of revenues, expenditures and changes in fund balances for other governmental funds, a schedule of compensation paid to police jurors, and a schedule of expenditures of federal awards that are provided to show additional details.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Police Jury's financial position. The Police Jury's combined net assets (governmental and business-type activities) totaled \$23,613,674 at December 31, 2007.

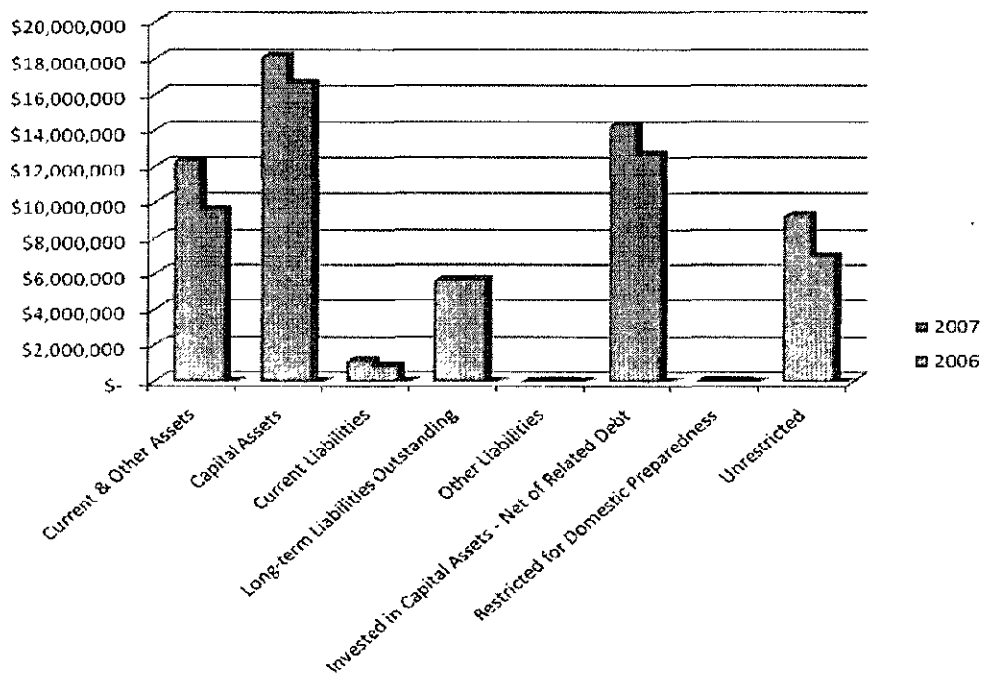
The largest portion of the Police Jury's net assets, \$14,297,161 (60.55%), reflects its investment in capital assets such as land, buildings, equipment, sewer plant and improvements, and infrastructure (streets, bridges, lighting, sidewalks and drainage improvements), less any related debt used to acquire those assets that is still outstanding compared to \$12,624,044 (64.33%) as of December 31, 2006. The Police Jury uses these capital assets to provide services to the citizens of the parish; consequently, these assets are not available for future spending. Although the Police Jury's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Police Jury's net assets, \$37,147 (.16%) compared to \$10,279 (.05%) as of December 31, 2006, represents resources that are subject to external restriction on how they may be used. The remaining portion of the Police Jury's net assets, \$9,279,366 (39.29%) and \$6,989,547 (35.62) as of December 31, 2007 and 2006, respectively, is unrestricted and may be used to meet the Police Jury's ongoing obligations to citizens and creditors at the discretion of the jurors. \$6,977,094 (75.19%) of the unrestricted net assets of the Police Jury consists of cash, demand deposits, certificates of deposit and investments in the Louisiana Asset Management Plan (LAMP) compared to \$4,787,284 (68.49%) for the prior year.

	Governmental Activities		Business-Type Activities		Total	
	2007	2006*	2007	2006*	2007	2006*
Assets:						
Current and other assets	\$ 12,288,130	\$ 9,549,773	\$ 2,640	\$ 669	\$ 12,290,770	\$ 9,550,442
Capital assets	18,063,974	16,509,116	57,627	81,355	18,121,601	16,590,471
Total assets	30,352,104	26,058,889	60,267	82,024	30,412,371	26,140,913
Liabilities:						
Current liabilities	1,144,764	833,894	1,324.00	-	1,146,088	833,894
Long-term liabilities outstanding	5,652,339	5,682,879	-	-	5,652,339	5,682,879
Other liabilities	-	-	270	270	270	270
Total liabilities	6,797,103	6,516,773	1,594	270	6,798,697	6,517,043
Net Assets						
Invested in capital assets -net of related debt	14,239,534	12,542,689	57,627	81,355	14,297,161	12,624,044
Restricted for:						
Domestic preparedness	37,147	10,279	-	-	37,147	10,279
Unrestricted	9,278,320	6,989,148	1,046	399	9,279,366	6,989,547
Total net assets	\$ 23,555,001	\$ 19,542,116	\$ 58,673	\$ 81,754	\$ 23,613,674	\$ 19,623,870

* As restated

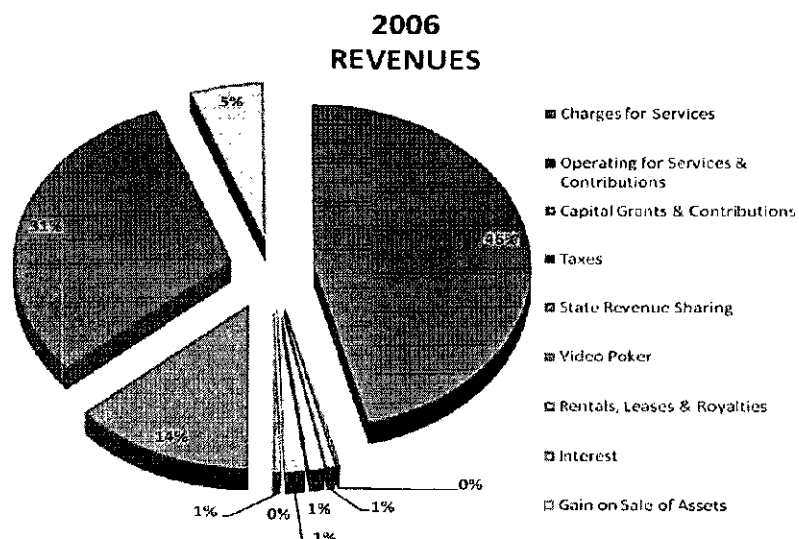
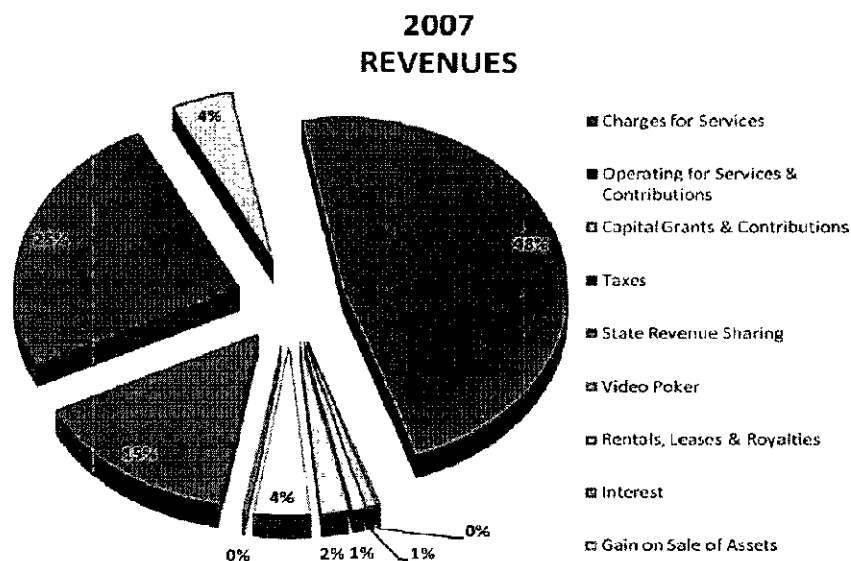
Net Assets



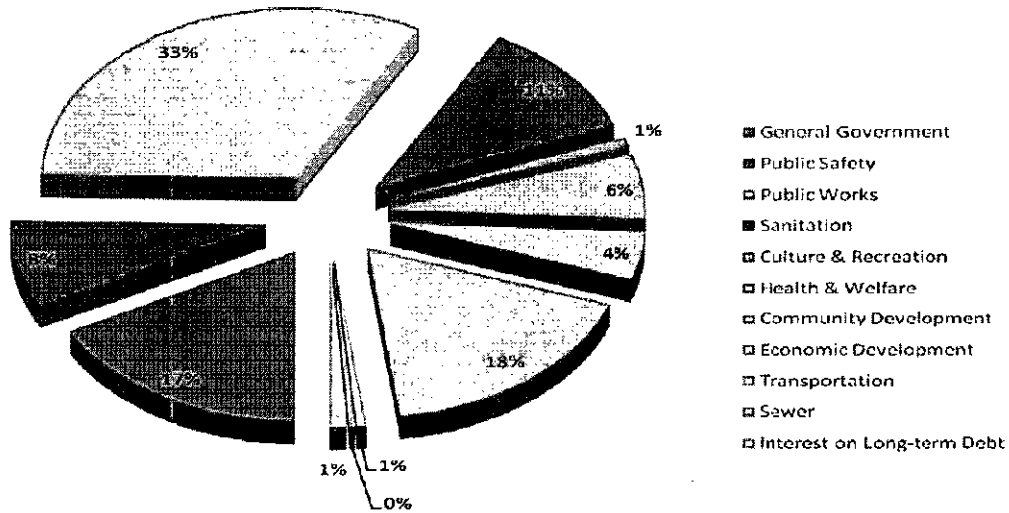
Changes in Net Assets

\$3,041,243 (14.93%) of the Police Jury's total revenues was derived through charges for services during 2007 compared to \$2,517,488 (13.49%) for the prior year. \$11,356,087 (55.77%) was derived from general revenues including taxes, video poker revenues, state revenue sharing, rent and royalties, sale of assets, and interest compared to \$9,360,174 (50.19%) during 2006. The Police Jury received \$5,965,864 (29.30%) and \$6,773,594 (36.32%) of its total revenues through program grants and contributions during 2007 and 2006, respectively.

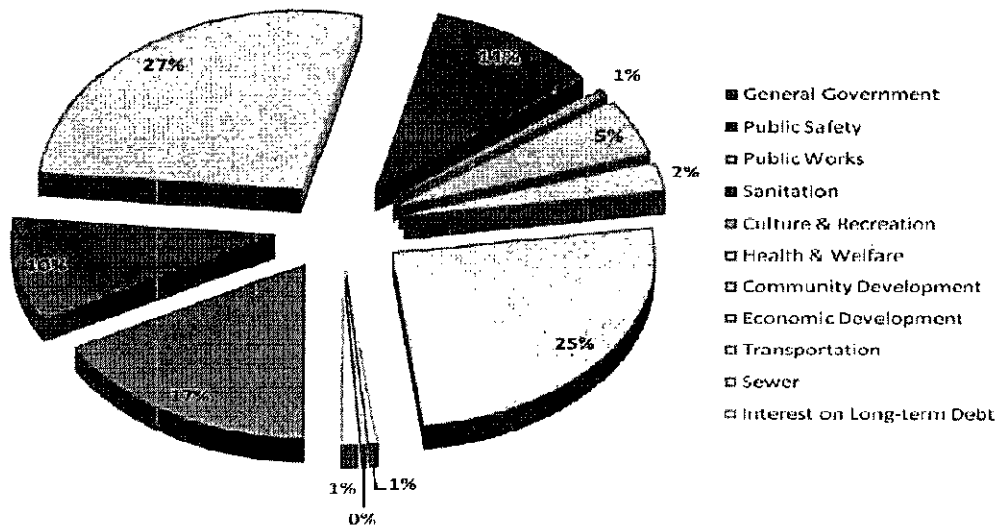
The largest expenses were for public works \$5,344,398 (32.64%), economic development \$2,878,555 (17.58%), general government \$2,809,139 (17.16%), sanitation \$1,804,483 (11.02%), public safety \$1,343,235 (8.20%), and health and welfare \$998,021 (6.10%). In fiscal year 2007, governmental activity expenses exceeded program revenues resulting in the use of \$7,317,826 in general revenues, mostly taxes. Net expenses from business-type activities in fiscal year 2007 exceeded revenues by \$48,457.



2007 EXPENSES



2006 EXPENSES



	Governmental Activities		Business-Type Activities		Total	
	2007	2006*	2007	2006	2007	2006*
Revenues:						
Program revenues:						
Charges for services	\$ 3,031,391	\$ 2,500,958	\$ 9,852	\$ 16,530	\$ 3,041,243	\$ 2,517,488
Operating grants and contributions	5,067,089	5,757,065	-	-	5,067,089	5,757,065
Capital grants and contributions	898,775	1,016,529	-	-	898,775	1,016,529
General revenues:						
Taxes	9,713,904	8,591,658	-	-	9,713,904	8,591,658
State revenue sharing	60,484	58,946	-	-	60,484	58,946
Video poker	132,989	110,367	-	-	132,989	110,367
Rentals, leases and royalties	162,897	204,287	-	-	162,897	204,287
Interest	390,719	269,043	-	-	390,719	269,043
Gain on sale of assets	851,368	22,607	-	-	851,368	22,607
Other	43,726	103,266	-	-	43,726	103,266
Total revenues	<u>20,353,342</u>	<u>18,634,726</u>	<u>9,852</u>	<u>16,530</u>	<u>20,363,194</u>	<u>18,651,256</u>
Expenses:						
General government	2,809,139	2,754,068	-	-	2,809,139	2,754,068
Public safety	1,343,235	1,555,826	-	-	1,343,235	1,555,826
Public works	5,344,398	4,440,902	-	-	5,344,398	4,440,902
Sanitation	1,804,483	1,735,903	-	-	1,804,483	1,735,903
Culture and recreation	126,855	105,706	-	-	126,855	105,706
Health and welfare	998,021	833,476	-	-	998,021	833,476
Community development	732,925	407,037	-	-	732,925	407,037
Economic development	2,878,555	4,128,446	-	-	2,878,555	4,128,446
Transportation	101,393	88,207	-	-	101,393	88,207
Sewer	-	-	58,309	59,092	58,309	59,092
Interest on long-term debt	176,077	176,952	-	-	176,077	176,952
Total expenses	<u>16,315,081</u>	<u>16,226,523</u>	<u>58,309</u>	<u>59,092</u>	<u>16,373,390</u>	<u>16,285,615</u>
Increase (decrease) in net assets before transfers	4,038,261	2,408,203	(48,457)	(42,562)	3,989,804	2,365,641
Transfers	(25,376)	(22,959)	25,376	22,959	-	-
Change in net assets	4,012,885	2,385,244	(23,081)	(19,603)	3,989,804	2,365,641
Net assets - beginning- as restated	19,542,116	17,156,872	81,754	101,357	19,623,870	17,258,229
Net assets - ending	<u>\$ 23,555,001</u>	<u>\$ 19,542,116</u>	<u>\$ 58,673</u>	<u>\$ 81,754</u>	<u>\$ 23,613,674</u>	<u>\$ 19,623,870</u>

* As restated

FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS

As noted earlier, the Police Jury uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The general government functions of the Police Jury are reported in the General, and Special Revenue Funds. The focus of the Police Jury's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Police Jury's annual financing and budgeting requirements. In particular, unreserved fund balance may serve as a useful measure of the Police Jury's net resources available for spending at the end of the year.

As of the end of the current year, the General Fund, the Police Jury's chief operating fund, reported an ending fund balance of \$5,909,563, an increase of \$1,473,184 (33.21%) compared to the prior year. As a measure of the General Fund's liquidity, we compare the fund's unreserved fund balance to total fund expenditures. Unreserved fund balance (\$5,909,563) represents 176.15% of total fund expenditures (\$3,354,804) during 2007.

During 2007, the General Fund transferred \$279,293 to other governmental funds to provide funding for their operations and to clear deficit fund balances.

The Solid Waste Fund reported an ending fund balance of \$2,672,076, an increase in unreserved fund balance of \$665,769 (33.18%) as compared with the prior year.

The Road Fund reported an ending fund balance of \$1,790,263, an increase in unreserved fund balance of \$195,421 (12.25%) as compared with the prior year.

Proprietary Fund

The Police Jury's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

At the end of the current fiscal year, the Police Jury's proprietary fund, Eastside Sewer Fund, reported ending net assets of \$58,673, a decrease of \$23,081 (28.23%) in comparison with the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Police Jury complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The budget is prepared on the cash basis and is approved by the Police Jurors following a public hearing. The 2007 budget was adopted on January 8, 2007 with total General Fund expenditures and other financing uses totaling \$2,615,134, a decrease of \$455,326 compared to the prior year final budgeted expenditures.

The Police Jury amended the General Fund Budget because:

- Severance tax revenues were less than originally budgeted.
- Fees, charges and commissions were less than originally budgeted.
- Rents and royalties were less than originally budgeted.

- Health and welfare expenditures were more than originally budgeted.
- Capital outlays were more than originally budgeted.

Actual revenues and other financing sources available for expenditure were \$2,296,784 more than originally budgeted.

Actual expenditures and other financing uses were \$148,299 more than the final budgeted amounts.

CAPITAL ASSET ADMINISTRATION

The Police Jury's investment in capital assets for its governmental and business-type activities as of December 31, 2007 totaled \$196,304,965, net of accumulated depreciation of \$178,183,364, leaving a book value of \$18,121,601. This investment in capital assets consists of land, buildings, equipment, sewer plant and improvements, and infrastructure (streets, bridges, lighting, sidewalks and drainage improvements). The total increase in the Police Jury's investment in capital assets for the current year was \$2,449,448 about 1.26% in terms of historical cost. Depreciation charges for the year totaled \$918,318 compared to \$886,991 for the prior year.

During 2007, the Police Jury completed drainage improvements to the airport which were primarily funded by grants from the Federal Aviation Administration and the Louisiana Department of Transportation and Development.

Major additions to capital assets during 2007 included a generator for the airport, three road patchers and five new pickup trucks for the road department, and three trucks for the solid waste landfill.

The Jury also expended \$794,747 for construction of a new cell (Cell VIII) for the solid waste landfill, \$842,711 for construction of infrastructure improvements at the industrial park and \$97,308 for construction of a new multi-agency building.

DEBT ADMINISTRATION

As of December 31, 2007, the Police Jury's outstanding long-term liabilities, including general obligation bonds, certificates of indebtedness, capital leases, landfill closure and post closure costs, and compensated absences totaled \$ 5,652,339. The Police Jury's outstanding long-term liabilities decreased \$30,540 (.54%) during 2007.

State law restricts the amount of general obligation debt that the Police Jury may issue. The aggregate principal amount of general obligation debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Police Jury's total debt outstanding at year end was well below this limitation.

At the year-end, the Police Jury had \$3,265,000 in general obligation bonds outstanding, a decrease of \$220,000 (6.31%) compared to the prior year and \$123,000 in certificates of indebtedness outstanding, a decrease of \$38,000 (23.60%) compared to the prior year as a result of normal amortization of debt.

As of December 31, 2007, the Police Jury had a liability of \$436,440 under capital lease obligations, an increase of \$116,013 (36.21%) as compared to the prior year. During 2007, the Police Jury fully paid its obligation under a capital lease for a computer assisted dispatching system for the E-911 District. On May 10, 2007, the Police Jury entered a lease purchase agreement in the amount of \$313,752 for the acquisition of three trucks for the solid waste landfill.

During 2007, the Police Jury determined its liability for future closure and post closure costs related to the solid waste landfill (Mundy Landfill). The liability related to periods prior to 2007 (\$1,486,576) was reported as a prior period adjustment in the statement of activities. The current period expense accrual of \$110,454 was

reported as a current period sanitation expense. The total estimated liability for landfill closure and post closure costs totaled \$1,597,030 as of December 31, 2007.

The Police Jury's obligation for vested compensated absences increased \$992 (.04%) during 2007.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective and economic uses of the Police Jury's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Police Jurors set the direction of the Parish, allocate its resources, and establish its priorities.

The following economic factors were considered when the budget for the fiscal year ended December 31, 2008 was prepared:

- Sales tax revenues were conservatively projected based on prior year revenues which were greater than anticipated due to an increase in oil and gas activity in the parish.
- Ad valorem tax revenues were conservatively projected based on prior year revenues.
- The Police Jury plans to expend \$2,350,000 for special building projects.
- The Police Jury plans to expend \$300,000 for construction of Phase I of Cell VIII at the parish owned landfill.
- \$400,000 was budgeted for purchasing equipment for the Road Fund.
- Other revenues and expenditures are expected to be consistent with the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the finances of the DeSoto Parish Police Jury and seeks to demonstrate the Police Jury's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for separate reports of the Police Jury's component units or for additional information should be addressed to the DeSoto Parish Police Jury, P. O. Box 898, Mansfield, Louisiana 71052, or by calling (318) 872-0738.

Basic Financial Statements

Government-Wide Financial Statements

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Statement of Net Assets
December 31, 2007**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,248,594	\$ -	\$ 6,248,594
Investments	728,500	-	728,500
Receivables (net of allowances for uncollectibles)	5,311,036	2,640	5,313,676
Capital assets (net)	18,063,974	57,627	18,121,601
Total Assets	30,352,104	60,267	30,412,371
LIABILITIES			
Accounts payable	966,465	1,324	967,789
Accrued interest	49,138	-	49,138
Deposit balances	-	270	270
Due to other governments	129,161	-	129,161
Long-term liabilities:			
Due within one year	408,088	-	408,088
Due in more than one year	5,244,251	-	5,244,251
Total Liabilities	6,797,103	1,594	6,798,697
NET ASSETS			
Invested in capital assets - (net of related debt)	14,239,534	57,627	14,297,161
Restricted For:			
Domestic preparedness	37,147	-	37,147
Unrestricted	9,278,320	1,046	9,279,366
Total Net Assets	\$ 23,555,001	\$ 58,673	\$ 23,613,674

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Statement of Activities
For the Year Ended December 31, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grant and Contributions	Capital Grants & Contributions
Primary Government:				
Governmental Activities				
General government:				
Legislative	\$ 275,067	\$ -	\$ -	\$ -
Judicial	1,350,086	944,455	-	-
Elections	37,085	-	-	-
Finance and administration	953,199	221,596	-	-
Other	193,702	-	-	-
Public safety	1,343,235	124,990	90,332	156,221
Public works	5,344,398	712,790	381,398	-
Sanitation	1,804,483	1,016,223	-	-
Culture and recreation	126,855	-	73,328	-
Health and welfare	998,021	-	1,050,722	-
Community development	732,925	-	629,760	-
Economic development	2,878,555	-	2,839,549	719,748
Transportation	101,393	11,337	2,000	22,806
Interest on long-term debt	176,077	-	-	-
Total Governmental Activities	16,315,081	3,031,391	5,067,089	898,775
Business-Type Activities				
Eastside sewer	58,309	9,852	-	-
Total Primary Government	\$ 16,373,390	\$ 3,041,243	\$ 5,067,089	\$ 898,775

General Revenues:

- Ad valorem taxes
- Sales taxes
- Severance taxes
- Tourism taxes
- Video Poker
- Investment earnings
- State revenue sharing
- Gain on disposal of capital assets
- Rentals, leases and royalties
- Other miscellaneous

Transfers:

- Interfund

Total general revenues and transfers

Changes in Net Assets

- Net assets - beginning
- Prior period adjustment
- Net assets - beginning - as restated
- Net assets - ending

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Statement of Activities
For the Year Ended December 31, 2007**

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (275,067)	\$ -	\$ (275,067)
(405,631)	-	(405,631)
(37,085)	-	(37,085)
(731,603)	-	(731,603)
(193,702)	-	(193,702)
(971,692)	-	(971,692)
(4,250,210)	-	(4,250,210)
(788,260)	-	(788,260)
(53,527)	-	(53,527)
52,701	-	52,701
(103,165)	-	(103,165)
680,742	-	680,742
(65,250)	-	(65,250)
(176,077)	-	(176,077)
(7,317,826)	-	(7,317,826)
-	(48,457)	(48,457)
(7,317,826)	(48,457)	(7,366,283)
4,367,400	-	4,367,400
4,033,236	-	4,033,236
1,279,551	-	1,279,551
33,717	-	33,717
132,989	-	132,989
390,719	-	390,719
60,484	-	60,484
851,368	-	851,368
162,897	-	162,897
43,726	-	43,726
(25,376)	25,376	-
11,330,711	25,376	11,356,087
4,012,885	(23,081)	3,989,804
21,028,692	81,754	21,110,446
(1,486,576)	-	(1,486,576)
19,542,116	81,754	19,623,870
\$ 23,555,001	\$ 58,673	\$ 23,613,674

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

Fund Financial Statements

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Balance Sheet
Governmental Funds
December 31, 2007**

	Major Funds			
	General Fund	Solid Waste Fund	Road Fund	Rental Assistance
ASSETS				
Cash and cash equivalents	\$ 3,585,431	\$ 1,834,962	\$ 450,333	\$ 153,181
Investments	613,000	-	-	-
Receivables (net of allowance for uncollectibles)	2,025,000	1,171,574	1,163,462	-
Due from other funds	85,738	80,356	269,130	562
Total assets	<u>\$ 6,309,169</u>	<u>\$ 3,086,892</u>	<u>\$ 1,882,925</u>	<u>\$ 153,743</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 371,337	\$ 400,397	\$ 60,149	\$ -
Due to other funds	11,770	2,806	21,150	-
Due to other governments	-	-	-	-
Deferred revenues	16,499	11,613	11,363	153,743
Total Liabilities	<u>399,606</u>	<u>414,816</u>	<u>92,662</u>	<u>153,743</u>
Fund balances:				
Reserved, reported in:				
Special revenue funds	-	-	-	-
Unreserved, reported in:				
General fund	5,909,563	-	-	-
Special revenue funds	-	2,672,076	1,790,263	-
Total fund balances	<u>5,909,563</u>	<u>2,672,076</u>	<u>1,790,263</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,309,169</u>	<u>\$ 3,086,892</u>	<u>\$ 1,882,925</u>	<u>\$ 153,743</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Balance Sheet
Governmental Funds
December 31, 2007**

Major Funds				Other	Total
Community Services Fund	Criminal Court Fund	Sales Tax Fund	WIA Fund	Governmental Funds	Governmental Funds
\$ (154,600)	\$ 150,517	\$ 3,010	\$ -	\$ 225,760	\$ 6,248,594
-	-	-	-	115,500	728,500
108,215	48,436	524,991	-	269,358	5,311,036
-	-	-	-	57,627	493,413
<u>\$ (46,385)</u>	<u>\$ 198,953</u>	<u>\$ 528,001</u>	<u>\$ -</u>	<u>\$ 668,245</u>	<u>\$ 12,781,543</u>
\$ 11,963	\$ 71,415	\$ 8,348	\$ -	\$ 42,856	\$ 966,465
-	67,195	390,492	-	-	493,413
-	-	129,161	-	-	129,161
-	-	-	-	9,891	203,109
<u>11,963</u>	<u>138,610</u>	<u>528,001</u>	<u>-</u>	<u>52,747</u>	<u>1,792,148</u>
-	-	-	-	37,147	37,147
-	-	-	-	-	5,909,563
<u>(58,348)</u>	<u>60,343</u>	<u>-</u>	<u>-</u>	<u>578,351</u>	<u>5,042,685</u>
<u>(58,348)</u>	<u>60,343</u>	<u>-</u>	<u>-</u>	<u>615,498</u>	<u>10,989,395</u>
<u>\$ (46,385)</u>	<u>\$ 198,953</u>	<u>\$ 528,001</u>	<u>\$ -</u>	<u>\$ 668,245</u>	<u>\$ 12,781,543</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2007**

Total Fund Balance, Governmental Funds		\$ 10,989,395
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Assets		
Cost of capital assets	\$ 195,820,235	
Less - Accumulated depreciation	<u>(177,756,261)</u>	18,063,974
Certain deferred revenues are reported in the governmental funds but not in the Statement of Net Assets		203,109
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Assets		
General obligation bonds	(3,265,000)	
Certificates of Indebtedness	(123,000)	
Capital leases	(436,440)	
Landfill post closure liability	(1,597,030)	
Compensated absences	<u>(230,869)</u>	(5,652,339)
Interest on long-term debt is accrued in the Statement of Net Assets but not in the governmental funds		<u>(49,138)</u>
Net Assets of Governmental Activities in the Statement of Net Assets		<u>\$ 23,555,001</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2007**

		Major Funds		
	General Fund	Solid Waste Fund	Road Fund	Rental Assistance
REVENUES				
Taxes:				
Ad valorem	\$ 1,783,906	\$ 1,242,420	\$ 1,215,677	\$ -
Sales and use	-	781,860	2,606,200	-
Severance	589,776	-	689,775	-
Tourism	33,717	-	-	-
Licenses and permits	145,084	-	-	-
Intergovernmental revenues:				
Federal grants	768,498	-	-	874,192
State funds:				
Parish transportation funds	-	-	381,398	-
Grants	148,077	-	-	-
State revenue sharing (net)	23,177	-	30,986	-
Video poker	132,989	-	-	-
Other	90,332	-	-	-
Fees, charges, and commissions for services	76,512	1,016,223	712,790	-
Fines and forfeitures	-	-	-	-
Investment earnings	218,441	92,347	46,531	6,220
Rents and royalties	162,897	-	-	-
Contributions	20,000	-	-	-
Other revenues	18,106	-	658	-
Total Revenues	4,211,512	3,132,850	5,684,015	880,412
EXPENDITURES				
Current:				
General government:				
Legislative	245,465	-	-	-
Judicial	525,553	-	-	-
Elections	33,872	-	-	-
Finance and administrative	578,418	49,127	96,960	87,079
Other	188,380	-	-	-
Public safety	90,332	-	-	-
Public works	-	-	5,038,166	-
Sanitation	-	1,518,189	-	-
Cultural and recreation	65,499	-	-	-
Health and welfare	202,188	-	-	793,333
Community development	-	-	-	-
Economic development	39,006	-	-	-
Transportation	-	-	-	-
Capital outlay	1,022,708	1,108,499	273,233	-
Debt service:				
Principle retirement	220,000	89,475	93,843	-
Interest and other charges	143,383	15,543	5,760	-
Total Expenditures	3,354,804	2,780,833	5,507,962	880,412
Excess (Deficiency) of Revenues over (Under) Expenditures	856,708	352,017	176,053	-
OTHER FINANCING SOURCES (USES)				
Transfers in	63,769	-	-	-
Transfers out	(279,293)	-	-	-
Proceeds from issuance of debt	-	313,752	-	-
Sale of capital assets	832,000	-	19,368	-
Total Other Financing Sources and Uses	616,476	313,752	19,368	-
Net Change in Fund Balance	1,473,184	665,769	195,421	-
Fund balances -beginning	4,436,379	2,006,307	1,594,842	-
Fund balances - ending	\$ 5,909,563	\$ 2,672,076	\$ 1,790,263	\$ -

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2007**

Community Services Fund	Major Funds Criminal Court Fund	Sales Tax Fund	WIA Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 241,602	\$ 4,483,605
-	-	123,936	-	521,240	4,033,236
-	-	-	-	-	1,279,551
-	-	-	-	-	33,717
-	-	-	-	-	145,084
629,382	-	-	2,839,549	176,173	5,287,794
-	-	-	-	-	381,398
378	-	-	-	2,854	151,309
-	-	-	-	6,321	60,484
-	-	-	-	-	132,989
-	-	-	-	-	90,332
-	-	-	-	136,327	1,941,852
-	713,300	-	-	231,155	944,455
-	-	13,915	-	13,265	390,719
-	-	-	-	-	162,897
-	-	-	-	2,000	22,000
24,963	-	-	-	-	43,727
<u>654,723</u>	<u>713,300</u>	<u>137,851</u>	<u>2,839,549</u>	<u>1,330,937</u>	<u>19,585,148</u>
-	-	-	-	-	245,465
-	589,188	-	-	105,633	1,220,374
-	-	-	-	-	33,872
-	-	137,851	-	-	949,435
-	-	-	-	-	188,380
-	-	-	-	1,112,775	1,203,107
-	-	-	-	-	5,038,166
-	-	-	-	-	1,518,189
-	-	-	-	-	65,499
-	-	-	-	-	995,521
730,571	-	-	-	-	730,571
-	-	-	2,839,549	-	2,878,555
-	-	-	-	65,834	65,834
-	-	-	-	45,008	2,449,448
-	-	-	-	52,421	455,739
-	-	-	-	13,969	178,655
<u>730,571</u>	<u>589,188</u>	<u>137,851</u>	<u>2,839,549</u>	<u>1,395,640</u>	<u>18,216,810</u>
<u>(75,848)</u>	<u>124,112</u>	<u>-</u>	<u>-</u>	<u>(64,703)</u>	<u>1,368,338</u>
17,500	-	-	-	236,417	317,686
-	(63,769)	-	-	-	(343,062)
-	-	-	-	-	313,752
-	-	-	-	-	851,368
<u>17,500</u>	<u>(63,769)</u>	<u>-</u>	<u>-</u>	<u>236,417</u>	<u>1,139,744</u>
<u>(58,348)</u>	<u>60,343</u>	<u>-</u>	<u>-</u>	<u>171,714</u>	<u>2,508,082</u>
-	-	-	-	443,784	8,481,312
<u>\$ (58,348)</u>	<u>\$ 60,343</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 615,498</u>	<u>\$ 10,989,395</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2007**

Net Change in Fund Balances - Governmental Funds	\$ 2,508,082
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures because such outlays use current financial resources. However, for governmental activities those capital outlays are reported in the Statement of Net Assets and are allocated over their useful lives in the Statement of Activities. This is the amount by which capital outlays exceed depreciation in the period.	
Capital outlays	\$ 2,449,448
Less- Depreciation expense	<u>(894,590)</u>
	1,554,858
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of principle of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets and is not reported in the Statement of Activities.	
Issuance of capital lease	(313,752)
Principal repayment	455,739
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds. They are, however, reported in the Statement of Activities	
Decrease in deferred revenues	(83,174)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.	
Decrease in accrued interest on capital leases and bonds payable	2,578
Certain items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds	
Increase in liability for compensated absences	(992)
Increase in liability for landfill post closure expense	<u>(110,454)</u>
Change in Net Assets of Governmental Activities	<u>\$ 4,012,885</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

Proprietary Fund

DeSoto Parish Police Jury
Mansfield, Louisiana

Statement of Net Assets
Proprietary Fund
December 31, 2007

Business-Type Activities - Enterprise Fund

	<u>Eastside Sewer Fund</u>
ASSETS	
Current Assets:	
Receivables (net of allowances for uncollectibles)	\$ 2,640
Non-Current Assets:	
Capital assets (net of accumulated depreciation)	<u>57,627</u>
Total Assets	<u>60,267</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	<u>1,324</u>
Total Current Liabilities	<u>1,324</u>
Non Current Liabilities:	
Customer deposits	<u>270</u>
Total Liabilities	<u>1,594</u>
NET ASSETS	
Invested in capital assets, net of related debt	57,627
Unrestricted (deficit)	<u>1,046</u>
Total Net Assets	<u>\$ 58,673</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DeSoto Parish Police Jury
Mansfield, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2007

Business-Type Activities - Enterprise Fund	
	Eastside Sewer Fund
OPERATING REVENUES	
Charges for services:	<u>\$ 9,852</u>
OPERATING EXPENSES	
General and administrative	21,400
Official fees	1,235
Professional fees	495
Materials, supplies, and repairs	5,532
Utilities and communications	3,670
Depreciation expense	23,728
Bad debt expense	<u>2,249</u>
Total Operating Expenses	<u>58,309</u>
OPERATING LOSS	(48,457)
Transfers In	<u>25,376</u>
CHANGE IN NET ASSETS	(23,081)
TOTAL NET ASSETS - Beginning	<u>81,754</u>
TOTAL NET ASSETS - Ending	<u><u>\$ 58,673</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DeSoto Parish Police Jury
Mansfield, Louisiana

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2007

Business-Type Activities - Enterprise Fund	
	Eastside Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 7,881
Cash paid to suppliers for goods and services	<u>(33,257)</u>
Net Cash Used by Operating Activities	<u>(25,376)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	<u>25,376</u>
Net Cash Provided by Non Capital Financing Activities	<u>25,376</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-
Cash and Cash Equivalents, Beginning of Year	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ -</u></u>
Reconciliation of loss from operations to net cash used by Operating Activities:	
Loss from operations	\$ (48,457)
Adjustments:	
Depreciation expense	\$ 23,728
Increase in accounts receivable	(1,971)
Increase in accounts payable	<u>1,324</u>
Total Adjustments	<u>23,081</u>
Net Cash Used by Operating Activities	<u><u>\$ (25,376)</u></u>
Noncash Investing, Capital, and Financial Activities	<u><u>None</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

Notes to the Financial Statements

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

Introduction

DeSoto Parish, located in Northwest Louisiana, was established by Act 88 of 1843. The Parish has a population of approximately 26,383. The DeSoto Parish Police Jury (hereinafter referred to as "Police Jury") is the governing authority for DeSoto Parish and is a political subdivision of the State of Louisiana. The Police Jury is governed by eleven compensated jurors representing the various districts within the parish. The jurors serve four-year terms which expire in January 2008.

Louisiana Revised Statute 33:1236 gives the Police Jury various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for their own government, to regulate the construction and maintenance of roads and bridges, to regulate the construction and maintenance of drainage systems, to regulate the sale of alcoholic beverages, and to provide for the health and welfare of the poor, disadvantaged, and unemployed of the parish. Funding to accomplish these tasks is provided by ad valorem taxes, sales and use taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

The Police Jury complies with Generally Accepted Accounting Principles (GAAP). The Police Jury applies all relevant Government Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Police Jury's proprietary fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Police Jury is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Police Jury may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, or issue bonded debt.

1. Summary of Significant Accounting Policies

The DeSoto Parish Police Jury's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the DeSoto Parish Police Jury are discussed below.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the DeSoto Parish Police Jury is the financial reporting entity for DeSoto Parish. The financial reporting entity consists of (a) the primary government (Police Jury), (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the Police Jury is such that

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the DeSoto Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

These criteria include:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Police Jury does not appoint a voting majority but are fiscally dependent on the Police Jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship

Based on the previous criteria, the Police Jury has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
DeSoto Parish:		
Library	December 31	1, 2 and 3
Tourist Commission	December 31	1, 2 and 3
Tax Assessor	December 31	2 and 3
Sheriff	June 30	2 and 3
Clerk of Court	June 30	2 and 3
Emergency Medical Services	June 30	1 and 3
Fire Districts:		
No. 1	December 31	1 and 3
No. 2	December 31	1 and 3
No. 3	December 31	1 and 3
No. 5	December 31	1 and 3
No. 8	December 31	1 and 3
No. 9	December 31	1 and 3

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Complete financial statements of the individual component units may be obtained from their respective administration offices or from the DeSoto Parish Police Jury, Mansfield, Louisiana.

The Police Jury has chosen to issue financial statements of the primary government (Police Jury) only; therefore none of the previously listed component units are included in the accompanying financial statements.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Police Jury) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units except for the exclusion of component units as discussed above.

The financial statements consist of all funds, organizations, institutions, agencies, departments, and offices that comprise the Jury's legal entity and for which the Police Jury maintains the accounting records. These financial statements include the activities of the DeSoto Parish Airport, the DeSoto Parish Community Services, Eastside Sewer District, and the 911 Communication District

The financial statements do not include financial data for the Jury's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the DeSoto Parish Police Jury's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the DeSoto Parish Police Jury and the changes in financial position in conformity with accounting principles generally accepted in the United States of America, but rather are intended to reflect only the financial statements of the primary government (Police Jury).

B. Basis of Presentation

The Police Jury's Primary Government Basic Financial Statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Primary Government Basic Financial Statements consist of Government-Wide Financial Statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information. Both the Government-Wide and the Fund Financial Statements categorize activities as either governmental activities or business-type activities.

The Police Jury uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

C. Fund Accounting

The funds of the Police Jury are classified into two categories: governmental and proprietary. The Police Jury uses governmental funds to account for all or most of the Police Jury's general activities, including the collection and disbursement of specifically or legally restricted monies (special revenue funds). These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations.

The following are the Police Jury's governmental funds:

General Fund – The General Fund is the primary operating fund of the DeSoto Parish Police Jury. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following is the Police Jury's proprietary fund type:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities report information on all the financial activities of the Police Jury. Individual funds are not displayed, but the statements distinguish governmental activities, which are normally supported by taxes and intergovernmental revenues, from business-type activities, which rely to a significant extent on fees and charges for support. The effect of most interfund activity is eliminated from these financial statements.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

Government-Wide Financial Statements (GWFS) (continued)

Information contained in these statements reflects the "economic resources" measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment of Police Jury activities is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. The Police Jury does not allocate indirect expenses to functions in the Statement of Activities. Program revenues included in the Statement of Activities are (1) derived directly from charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions, and (3) capital grants and contributions. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted. Revenues not classified as program revenues are presented as general revenues, which include ad valorem taxes, sales taxes, franchise taxes, 911 telephone tariff, severance taxes, beer taxes, state revenue sharing, interest, and other unrestricted revenues. Program revenues reduce the cost of the function to be financed from the Police Jury's general revenues.

Fund Financial Statements (FFS)

The fund financial statements report financial information by major and nonmajor funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. Nonmajor funds are aggregated and presented in a single column.

A fund is considered major if it is the primary operating fund of the Police Jury or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Police Jury's management believes that the fund is particularly important to the financial statement users.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

The Police Jury's major funds are described as follows:

Major governmental funds:

General Fund – The General Fund is the primary operating fund of the Police Jury. It accounts for all activities except those required to be accounted for in other funds.

Solid Waste Fund – The Solid Waste Fund is a special revenue fund used to account for the construction and operation of the parish solid waste collection and disposal facilities. Financing is provided by ad valorem tax, a sales and use tax, and fees for services.

Road Fund - The Road Fund is a special revenue fund used to account for the operations and maintenance of parish highways, streets, and bridges. Financing is provided by the State of Louisiana Parish Transportation Fund, ad valorem taxes, sales taxes, and state revenue sharing funds.

Rental Assistance Fund - The Rental Assistance Fund increases affordable housing choices for very low income households in the parish by allowing families to chose privately owned rental housing in high demand markets. Financing is provided by grants from the United States Department of Housing and Urban Development (Section 8).

Community Services Fund - The Community Services Fund accounts for the distribution of surplus food commodities provided by the United States Department of Agriculture, cash grants in lieu of commodities, community services block grants, low income home energy assistance programs, weatherization assistance programs, and other federal grants. Assistance is provided in the areas of employment, education, better use of income, adequate housing and environment, and assistance for emergency needs.

Criminal Court Fund - The Eleventh Judicial District Criminal Court Fund is established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by the district court and district attorney conviction fees in criminal cases be transferred to the parish treasurer and deposited into a special account, to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judge. The statute also requires that one-half of the fund balance remaining in the Criminal Court Fund at December 31 of each year be transferred to the parish General Fund.

Sales Tax Fund - The Sales Tax Fund accounts for the collection of the one percent sales and use tax and the parish hotel and motel tax. Expenditures of the fund are limited to expenses necessary and reasonable for the collection and administration of the sales tax program. After paying these necessary expenses, all remaining sales tax revenues are disbursed to the Road Fund, the Jail Fund, the Solid Waste Fund, and the DeSoto Parish Library in accordance with the percentages established in the tax proposition. Hotel and motel tax revenues are disbursed to the DeSoto Parish Tourist Commission.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

Workforce Investment Act Fund (WIA) – The Workforce Investment Act (WIA) Fund is a special revenue fund used to account for grants from the United States Department of Labor passed through the Louisiana Department of Labor. Grants are subsequently transferred to the Coordinating and Development Corporation, which administers the program under contract with the Police Jury. The WIA program provides job training and related assistance to economically disadvantaged individuals. The ultimate goal of the program is to move trainees into permanent, self-sustaining employment.

All other governmental funds are considered non-major funds.

Major Business-Type Funds:

Proprietary Fund – The Enterprise Fund (Eastside Sewer Fund) accounts for the operations of the Police Jury's sewer system. Business-type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the fund's ongoing operation. Financing of the Enterprise Fund is provided by user fees and transfers from the General Fund.

Governmental Fund Financial Statements - The amounts reflected in the Governmental Fund Financial Statements are accounted for using the "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. When the "current financial resources" measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as expenditure. Furthermore, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Police Jury's operations.

The amounts reflected in the Governmental Fund Financial Statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Police Jury considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred; however, principle and interest on general obligation long-term debt is recognized when due.

The governmental funds use the following practices in recording revenues and expenditures:

Federal and state entitlements (which include state revenue sharing) are recorded as unrestricted grants-in-aid when available and measurable. Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements, in which the Parish must provide local resources to be used for a specified purpose; and

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

expenditure requirements, in which the resources are provided to the Police Jury on a reimbursement basis.

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Sales tax revenues are recorded in the period in which the underlying exchange has occurred.

Gaming tax revenues are recorded in the period during which the exchange transactions on which the tax is imposed occur.

Fines, forfeitures, fees, and court costs are recognized in the period they are collected by the DeSoto Parish Sheriff.

Interest earnings on deposits are recorded when earned.

Those revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, grants, interest revenue and charges for services. Substantially all other revenues, including fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Salaries and related benefits are recorded when employee services are provided.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Commitments under construction contracts are recognized as expenditures when earned by the contractor.

Substantially all other expenditures are recognized as expenditures when the related fund liability has been incurred.

Transfers between funds that are not expected to be repaid, sales of assets, proceeds from the sale of bonds, capitalized leases, compensation for loss of assets, and the proceeds from accrued interest on the sale of bonds are accounted for as other financing sources (uses) in the Statement of Revenues, Expenditures, and Changes in Fund Balances. These other financing sources (uses) are recognized at the time the underlying events occur.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

Proprietary Fund Financial Statements – The financial statements of the proprietary fund are reported using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. The amounts reflected in the Proprietary Fund Financial Statements use the accrual basis of accounting. All assets and liabilities (whether current or non-current) associated with their activities are reported.

E. Budgets

The Police Jury uses the following budget practices:

Budgets for most governmental funds are adopted annually on the cash basis of accounting. Budgets for some capital project funds are adopted on a project-length basis. Because the budgets adopted on a project-length basis primarily serve as a management control function, no comparison between budgeted and actual amounts for major funds (if any) budgeted on this basis is provided in these financial statements.

Preliminary budgets for the ensuing year are prepared by the treasurer during October of each year. During the month of November, the finance committee reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are then advertised in the official journal. Usually during its regular December meeting, the Police Jury holds a public hearing on the proposed budgets in order to receive comments from the public and other interested parties. Changes are made to the proposed budgets based on the public hearing and the desires of the Police Jury as a whole. The budgets are usually adopted during the regular December meeting and notice is published in the official journal.

The treasurer presents necessary budget amendments to the Police Jury during the year when, in her judgment, actual operations differ materially from those anticipated in the original budgets. During a regular or special meeting, the Police jury reviews the proposed amendments, makes changes as it feels necessary, and formally adopts the amendments. The adoption of the amendments is included in the Police Jury minutes published in the official journal.

Budget comparison schedules included in the accompanying financial statements present the original adopted budgets and the final amended budgets.

The police jury exercises budgetary control at the functional level. Within functional levels, the treasurer has the authority to make amendments as necessary. Unexpended appropriations lapse at year-end and must be reappropriated in the next year's budget to be expended. The Police Jury does not utilize encumbrance accounting in its budget practices.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits, interest bearing demand deposits, time deposits (certificates of deposit), and short-term, highly liquid investments with original maturities of ninety (90) days or less when purchased. Under state law, the Police Jury may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Police Jury may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At year-end, the Police Jury's deposits with LAMP were classified as cash and cash equivalents.

Investments are stated at cost, which approximates market value. The Police Jury's investments comply with Louisiana Statutes (LSA R.S. 33:2955).

G. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include ad valorem taxes, sales and use taxes, severance taxes, fees for services, and federal grant revenues. Business-type activities report customer's sewer service charges as its major receivables. The Police Jury uses the allowance method to account for bad debts for ad valorem taxes, sanitation (tipping) fees and sewer service charges. Under this method, an estimate is made of the expected bad debts included in the year-end receivables. The provision for bad debts is recorded as a current expenditure with a corresponding increase to the allowance for doubtful accounts. Accounts receivable are reported in the financial statements net of the allowance account. Subsequent charge-offs or recoveries of specific accounts respectively decrease or increase the allowance account.

H. Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient and as an expenditure or expense by the provider. If repayment is expected, these receivables and payables are classified as "Due from other funds" or "Due to other funds".

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net balance for each type of activity.

I. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2007 are recorded as prepaid expenses.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

I. Summary of Significant Accounting Policies (continued)

J. Capital Assets

Capital assets which include property, plant, equipment, works of art and historical treasures, and infrastructure assets (consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets, other than land, are depreciated using the straight-line method over their estimated useful lives, ranging from 5 to 50 years depending upon the expected durability of the particular asset. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of net assets.

All purchased and constructed capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Police Jury has adopted a capitalization threshold of \$100,000 on infrastructure capital assets and \$5,000 on other capital assets for reporting purposes. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives or improve their efficiency or capacity are not capitalized.

Assets reported in the fund financial statements for governmental funds exclude capital assets. The governmental funds financial statements report the acquisition of capital assets as expenditures.

K. Deferred Revenues

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Police Jury receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria have been met or the Police Jury has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

L. Compensated Absences

Vested or accumulated vacation leave or compensatory time earned that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of compensated absences not expected to be liquidated with expendable available financial resources are not reported in the fund financial statements. No accrued current expenditures are reported in the governmental funds, as the amounts are considered immaterial. The full liability and related costs are reported in the government-wide financial statements. The non-current portion represents a reconciling item between the fund and government-wide statements.

Employees of the Police Jury earn from 5 to 20 days of vacation leave each year, depending on length of service. Employees may carry forward accumulated earned annual leave not taken. Upon separation from service, the accumulated vacation leave, up to the date of separation, is paid.

Employees of the Police Jury accrue sick leave benefits which are calculated on the basis of a "benefit year" at the rate of 1/2 and 1 day per month for part-time and full-time respectively. Unused sick leave is allowed to accumulate without limit. Unused sick leave benefits will not be paid to employees upon termination of employment.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

M. Sales Taxes

DeSoto Parish has a 1% sales and use tax approved by the voters on May 16, 1981, for an indefinite period of time. The tax, after all necessary costs for collection and administration, is dedicated to constructing, acquiring, extending, improving, and maintaining the parish library (25 percent), parish roads (50 percent), parish jail facilities (10 percent), and solid waste collection and disposal facilities (15 percent).

N. Hotel-Motel Tax

The DeSoto Parish Police Jury, by Ordinance No. 2 dated June 13, 1984, levied a 2 percent tax upon the occupancy of hotel and motel rooms and overnight camping facilities within the parish. The tax, after collection costs not to exceed 6 percent, is restricted for purposes of attracting conventions and tourists to the parish.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

P. Long-Term Obligations

The accounting treatment of long-term debt depends upon whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt. Interest expense on long-term debt is recognized in the government-wide financial statements as the interest accrues, regardless of when it is due.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

The Police Jury's long-term debt consists of general obligation bonds, certificates of indebtedness, capital leases, customers' sewer deposits, post closure landfill costs, and vested vacation leave that is not expected to be liquidated with expendable available resources.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

1. Summary of Significant Accounting Policies (continued)

Q. Fund Equity

In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net assets and is reported in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – Consists of all other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the event that the Police Jury, for the same function or purpose, receives restricted and unrestricted monies, the policy is to first apply restricted resources when an expenditure is incurred.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved (portions of fund equity not available for appropriation or are legally restricted by outside parties for use for a specific purpose) or unreserved, with unreserved segregated between designated (portions of fund balance which represents management’s plans which are subject to change) and undesignated. Proprietary fund equity is classified the same as in the government-wide financial statements.

R. Risk Management

The Police Jury is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Police Jury carries commercial insurance for the risk of loss including automobile liability, general liability, property damage, workers compensation, errors and omissions, and surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

2. Levied Taxes

The following is a summary of authorized and levied ad valorem taxes for the primary government for the year ended December 31, 2007:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parishwide taxes:			
General Fund	4.00	3.74	Indefinite
Road Maintenance	5.00	5.00	2013
E-911	1.00	1.02	2008
Landfill	5.11	5.11	2015
Courthouse Maintenance	1.00	1.02	2007
Courthouse Building	Variable	2.50	2017

The differences between authorized and levied millages are the result of the reassessment of taxable property required by Article 7, Section 23 of the Louisiana Constitution of 1974. Property tax millages must be adjusted after each property tax reassessment so that tax collections do not increase or decrease due to reassessment.

The following are the principal taxpayers for the parish and their 2007 assessed valuations:

	<u>2007 Assessed Valuation</u>	<u>2007 Assessed Tax</u>	<u>Percent of Total Assessed Valuation</u>
International Paper Co	\$ 68,527,496	\$ 8,360,784	28.90%
Southwestern Electric Power	24,253,545	3,056,116	10.23%
CLECO Power, LLC	24,132,194	3,027,257	10.18%
EXCO Resources	11,354,395	1,380,513	4.79%
El Paso Production Company	10,690,404	1,317,624	4.51%
J W Operating Co	4,064,892	498,524	1.71%
Dolet Hills Lignite Co. LLC	3,903,908	489,940	1.65%
XTO Energy Inc.	2,686,523	357,992	1.13%
Northeast Texas Electric	2,749,900	349,812	1.16%
St. Mary Land & Exploration	2,317,379	300,503	0.98%
Total	<u>\$ 154,680,636</u>	<u>\$ 19,139,065</u>	<u>65.23%</u>

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

3. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents:

At December 31, 2007, the Police Jury has cash and cash equivalents (book balances) totaling \$6,248,594 as follows:

Cash on hand	\$ 50
Demand deposits	3,977,190
LAMP deposits	2,151,354
Time deposits	<u>120,000</u>
Total	<u>\$ 6,248,594</u>

The Police Jury uses a master bank account for cash management purposes. At year-end certain individual funds report negative cash balances. These are not bank overdrafts but rather reflect the individual fund's allocated share of the master bank account's deposit balance.

Investments:

At December 31, 2007, the Police Jury has investments (book balances) totaling \$728,500 as follows:

Time deposits	<u>\$ 728,500</u>
Total	<u>\$ 728,500</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Police Jury that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Police Jury's name.

The cash and investments of the DeSoto Parish Police Jury are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, the Police Jury had collected bank balances of \$5,617,601 which were fully protected by \$200,000 of federal depository insurance and pledged securities with a market value of \$6,762,618 held by the custodial banks in the name of the Police Jury.

Interest Rate Risk: The Police Jury's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Police Jury's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Police Jury may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Police Jury may invest in United States bonds, treasury

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

3. Cash and Cash Equivalents and Investments (continued)

notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and cash equivalents held at December 31, 2007 include \$2,151,354, invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. Receivables

The following is a summary of receivables at December 31, 2007:

	Governmental Activities			
	General Fund	Solid Waste Fund	Road Fund	Community Services Fund
Ad valorem tax	\$ 1,542,809	\$ 1,082,691	\$ 1,059,339	\$ -
Sales and use taxes	-	-	-	-
Severance tax	61,275	-	61,275	-
Tourism tax	2,187	-	-	-
Federal Grants	207,629	-	-	107,561
State Grants:				
Parish transportation fund	-	-	30,889	-
Video poker	10,542	-	-	-
Other state grants	165,585	-	-	-
Fees, charges, and commissions	4,088	130,405	21,170	-
Fines and forfeitures	-	-	-	-
Rents and royalties	42,245	-	-	-
Other	2,644	100	-	654
	<u>2,039,004</u>	<u>1,213,196</u>	<u>1,172,673</u>	<u>108,215</u>
Allowance	<u>(14,004)</u>	<u>(41,622)</u>	<u>(9,211)</u>	<u>-</u>
Total receivables	<u>\$ 2,025,000</u>	<u>\$ 1,171,574</u>	<u>\$ 1,163,462</u>	<u>\$ 108,215</u>

(continued)

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

4. Receivables (continued)

	Governmental Activities			Business-Type Activities	
	Criminal Court Fund	Sales Tax Fund	Other Governmental Funds	Enterprise Fund Eastside Sewer	Total
Ad valorem tax	\$ -	\$ -	\$ 227,000	\$ -	\$ 3,911,839
Sales and use taxes	-	524,991	-	-	524,991
Severance tax	-	-	-	-	122,550
Tourism tax	-	-	-	-	2,187
Federal Grants	-	-	25,540	-	340,730
State Grants:					
Parish transportation fund	-	-	-	-	30,889
Video poker	-	-	-	-	10,542
Other state grants	-	-	-	-	165,585
Fees, charges, and commissions	-	-	79	2,640	158,382
Fines and forfeitures	48,436	-	15,088	-	63,524
Rents and royalties	-	-	-	-	42,245
Other	-	-	1,651	-	5,049
	<u>48,436</u>	<u>524,991</u>	<u>269,358</u>	<u>2,640</u>	<u>5,378,513</u>
Allowance	-	-	-	-	(64,837)
Total receivables	<u>\$ 48,436</u>	<u>\$ 524,991</u>	<u>\$ 269,358</u>	<u>\$ 2,640</u>	<u>\$ 5,313,676</u>

5. Interfund Assets, Interfund Liabilities, and Operating Transfers

In the ordinary course of business, the Police Jury routinely transfers resources between its funds. Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers

Transfer In	Transfer Out	Amount
General Fund	Criminal Court Fund	\$ 63,769
Community Services Fund	General Fund	17,500
Eastside Sewer	General Fund	25,376
Other Governmental Funds	General Fund	236,417
		<u>\$ 343,062</u>

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

5. Interfund Assets, Interfund Liabilities, and Operating Transfers (continued)

Interfund balances, on the fund financial statements at December 31, 2007 consisted of the following:

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Road Fund	\$ 18,290
General Fund	Sales Tax Fund	3,010
General Fund	Criminal Court Fund	63,769
General Fund	Solid Waste Fund	669
		<u>85,738</u>
Solid Waste Fund	Sales Tax Fund	77,496
Solid Waste Fund	Road Fund	2,860
		<u>80,356</u>
Road Fund	General Fund	10,808
Road Fund	Sales Tax Fund	258,322
		<u>269,130</u>
Rental Assistance Fund	General Fund	<u>562</u>
Other Governmental Funds	General Fund	400
Other Governmental Funds	Criminal Court Fund	3,426
Other Governmental Funds	Sales Tax Fund	51,664
Other Governmental Funds	Solid Waste Fund	2,137
		<u>57,627</u>
		<u>\$ 493,413</u>

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

6. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance January 1 2007	Additions	Deletions	Balance December 31 2007
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,787,448	\$ -	\$ -	\$ 1,787,448
Construction in progress	395,671	1,734,766	-	2,130,437
Total assets not being depreciated	<u>2,183,119</u>	<u>1,734,766</u>	<u>-</u>	<u>3,917,885</u>
Capital assets being depreciated:				
Buildings and improvements	18,824,114	68,940	-	18,893,054
Furniture and equipment	4,835,491	633,824	(52,300)	5,417,015
Infrastructure	167,580,363	11,918	-	167,592,281
Total assets being depreciated	<u>191,239,968</u>	<u>714,682</u>	<u>(52,300)</u>	<u>191,902,350</u>
Less accumulated depreciation for:				
Buildings and improvements	7,994,132	445,960	-	8,440,092
Furniture and equipment	3,507,961	333,327	(52,300)	3,788,988
Infrastructure	165,411,878	115,303	-	165,527,181
Total accumulated depreciation	<u>176,913,971</u>	<u>894,590</u>	<u>(52,300)</u>	<u>177,756,261</u>
Total capital assets - net	<u>\$ 16,509,116</u>	<u>\$ 1,554,858</u>	<u>-</u>	<u>\$ 18,063,974</u>

Depreciation expense of \$894,590 for the year ended December 31, 2007, was charged to the following governmental functions:

General government:	
Legislative	\$ 29,602
Judicial	129,712
Elections	3,213
Finance and administrative	2,772
Other	5,322
Public safety	140,128
Public works	306,232
Sanitation	175,840
Cultural and recreation	61,356
Health and welfare	2,500
Community development	2,354
Transportation	35,559
Total	<u>\$ 894,590</u>

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

6. Capital Assets (continued)

	Balance January 1 2007	Additions	Deletions	Balance December 31 2007
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 10,175	\$ -	\$ -	\$ 10,175
Capital assets being depreciated:				
Sewer system	373,375	-	-	373,375
Treatment plant	101,180	-	-	101,180
Total assets being depreciated	474,555	-	-	474,555
Less accumulated depreciation for:				
Sewer system	317,372	18,669	-	336,041
Treatment plant	86,003	5,059	-	91,062
Total accumulated depreciation	403,375	23,728	-	427,103
Total capital assets - net	<u>\$ 81,355</u>	<u>\$ (23,728)</u>	<u>\$ -</u>	<u>\$ 57,627</u>

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2007, consisted of the following:

	Payable to Vendors	Payroll Liabilities	Total Payables
Governmental Activities:			
General Fund	\$ 351,872	\$ 19,465	\$ 371,337
Solid Waste Fund	374,637	25,760	400,397
Road Fund	5,162	54,987	60,149
Community Services Fund	7,890	4,073	11,963
Criminal Court Fund	-	71,415	71,415
Sales Tax Fund	-	8,347	8,347
Other Governmental funds	33,977	8,879	42,856
	<u>773,538</u>	<u>192,926</u>	<u>966,464</u>
Business-Type Activities:			
Eastside Sewer Fund	1,324	-	1,324
Total	<u>\$ 774,862</u>	<u>\$ 192,926</u>	<u>\$ 967,788</u>

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

8. Due to Other Governments

Effective July 1, 2004, the Police Jury transferred the responsibility for the accounting and administration of the DeSoto Parish Library to the DeSoto Parish Library Board of Control. On that date, responsibility for the assets and liabilities of the DeSoto Parish Library was assumed by the DeSoto Parish Library Board of Control.

The DeSoto Parish Police Jury collects sales taxes that are dedicated to the DeSoto Parish Library. As of December 31, 2007, \$129,161 of sales taxes collected by vendors dedicated to the library are reported in the Sales Tax Fund as "Due to Other Governments"

9. Deferred Revenues

Deferred revenues in the governmental funds amounted to \$203,109 at December 31, 2007. This amount represents \$49,366 of ad valorem taxes assessed but not collected within the time period required to meet the "available" criteria for recognition in the current period and \$153,743 of federal grant monies received under the Section 8 Program prior to the occurrence of qualifying expenditures.

10. Pension Plan

Plan Description. Substantially all employees of the DeSoto Parish Police Jury are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the police jury are members of Plan B.

All permanent employees working at least twenty eight (28) hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age sixty two (62) with at least ten (10) years of creditable service, at or after age fifty five (55) with at least thirty (30) years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to two percent (2%) of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least ten (10) years of creditable service, but less than thirty (30) years, may take early retirement benefits commencing at or after age sixty (60), with the basic benefit reduced three percent (3%) for each year retirement precedes age sixty two (62), unless he has thirty (30) years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed one hundred percent (100%) of final average salary. Final-average salary is the employee's average salary over the thirty six (36) consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under Plan B, members are required by state statute to contribute three percent (3%) of their annual covered salary in excess of \$1,200 and the DeSoto Parish Police jury is required to contribute at an actuarially determined rate. The current rate is five and three fourths percent (6.00%) of annual covered payroll. Contributions to the system include one-fourth of one percent (one percent for Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active member of each plan. The contribution requirements of plan members and the DeSoto Parish Police Jury are established and may be amended by the state statute. As provided by Louisiana

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

10. Pension Plan (continued)

Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The DeSoto Parish Police Jury's contributions to the System under Plan B for the years ending December 31, 2007, 2006, and 2005 were \$146,818, \$135,184, and \$138,121, equal to the required contributions for each year.

11. Postemployment Benefits

The Police Jury provides certain continuing health care benefits for its retired employees. Substantially all of the Police Jury's employees become eligible for these benefits if they reach normal retirement age while working for the Police Jury. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the Police Jury. The Police Jury recognizes the cost of providing these benefits as an expenditure when paid during the year. The premiums paid to the insurance companies for group hospitalization coverage in 2007 were \$598,869. The Police Jury's cost of providing retiree health care benefits (Police Jury's portion of the premiums) totaled \$40,474. At December 31, 2007, there were ten retirees receiving these benefits.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, establishes standards for the measurement, recognition and display of other post employment benefit expenditures and related liabilities, note disclosures, and if applicable, required supplementary information. Generally, GASB Statement No. 45 requires the Police Jury to record the annual required contribution to fully fund the benefits as an expense.

The annual required contribution is defined as the employer's required contribution for the year, calculated in accordance with certain parameters, and includes (a) the normal cost for the year and, (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years. The amount by which the net obligation for the plan exceeds the amount actually funded by the Police Jury will be recognized as a liability.

Under the standards of GASB Statement No. 45, the Police Jury is considered a "Phase 2" government with the standards becoming effective for periods beginning after December 15, 2007.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

12. Compensated Absences, Capitalized Leases, and Other Long-Term Debt

The following is a summary of the long-term debt obligation transactions for the year ended December 31, 2007:

	General Obligation Bonds	Certificates of Indebtedness Series 2005	Capital Leases	Landfill Closure Post-closure Costs	Compensated Absences	Total
Beginning Balances	\$ 3,485,000	\$ 161,000	\$ 320,427	\$ 1,486,576	\$ 229,876	\$ 5,682,879
Additions	-	-	313,752	110,454	79,928	\$ 504,134
Deductions	(220,000)	(38,000)	(197,739)	-	(78,935)	\$ (534,674)
Ending Balances	<u>\$ 3,265,000</u>	<u>\$ 123,000</u>	<u>\$ 436,440</u>	<u>\$ 1,597,030</u>	<u>\$ 230,869</u>	<u>\$ 5,652,339</u>
Due Within One Year	<u>\$ 230,000</u>	<u>\$ 40,000</u>	<u>\$ 138,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408,088</u>

General Obligation Liabilities

General obligation liabilities are direct obligations and pledges of the full faith and credit of the Police Jury. These obligations include general obligation bonds, certificates of indebtedness, capitalized leases, and compensated absences.

General Obligation Bonds

General Obligation Bond - \$4,700,000 issue of March 1, 1998 for the purpose of improving, renovating and restoring the DeSoto Parish courthouse and courthouse annex. The principal is due in annual installments of \$230,000 to \$380,000 through March 1, 2018 with interest at 4.25% per annum. Debt retirement payments are made from the General Fund.

\$3,265,000

The annual requirements to amortize the general obligation bonds at December 31, 2007, are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2008	\$ 230,000	\$ 133,875
2009	240,000	123,888
2010	250,000	113,475
2011	265,000	102,531
2012	280,000	90,950
2013-2018	2,000,000	268,388
Total	<u>\$ 3,265,000</u>	<u>\$ 833,107</u>

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

12. Compensated Absences, Capitalized Leases, and Other Long-Term Debt (continued)

Certificates of Indebtedness

Certificates of Indebtedness, Series 2005 - \$198,000 issue of April 4, 2005 for the purpose of acquiring vehicles and equipment for road maintenance. The principal is due in annual installments of \$40,000 to \$42,000 through March 1, 2010 with interest at 4.0% per annum. Debt retirement payments are made from the Road Fund. \$ 123,000

The annual requirements to amortize the Certificates of Indebtedness, Series 2005, are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2008	40,000	3,520
2009	41,000	2,140
2010	42,000	720
Total	<u>\$ 123,000</u>	<u>\$ 6,380</u>

In accordance with Louisiana Revised Statute 39:562, the Police Jury is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property in the parish. At December 31, 2007, the statutory limit was \$2,734,342.

Capital Leases

The Police Jury has incurred various lease obligations for the acquisition of property and equipment for the Road Fund, the Solid Waste Fund, and the Airport Fund. The related fund provides debt service for the capital leases. Equipment acquired by capital leases is included in capital assets. The related capital lease obligations are included in long-term liabilities.

The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments, as of December 31, 2007:

<u>Year Ending December 31,</u>	
2008	\$ 138,088
2009	138,088
2010	75,591
2011	75,591
2012	34,646
Thereafter	<u>11,700</u>
Total minimum lease payments	473,704
Less amount representing interest	<u>(37,264)</u>
Present value of net minimum lease payments	<u>\$ 436,440</u>

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

12. Compensated Absences, Capitalized Leases, and Other Long-Term Debt (continued)

Landfill Closure and Post Closure Care Costs

The Police Jury utilizes the Solid Waste Fund to account for closure and post closure care costs for the Mundy Landfill. In accordance with state and federal regulations, the Parish is required to place a final cover on all active landfill cells when closed and to perform certain maintenance and monitoring functions for thirty years after closure.

Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Parish reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$1,597,030 reported as landfill closure and post closure care liability at December 31, 2007, represents the cumulative amount reported to date based on the use of 33 percent of the estimated capacity of the landfill. The Parish will recognize the remaining estimated cost of closure and post closure care as the remaining estimated capacity is filled. The estimated final liability for closure and post closure care costs is \$4,832,790 at December 31, 2007. The Police Jury expects to close the landfill in 2030. These estimated costs are associated with flood control upgrades, remediation of possible ground water contamination, and control of methane gas. There is the potential for these estimates to change due to inflation, deflation, technology, or change in laws or regulations.

The Police Jury expects to fund these closure and post closure care costs with dedicated sales tax collections.

Compensated Absences

Compensated absences represent accumulated and vested employee leave benefits computed in accordance with the accounting principles generally accepted in the United States of America. The liability for compensated absences is computed only at the end of the fiscal year. Compensated absences are paid by the fund that pays the related salaries. As of December 31, 2007, the police jury's compensated absences payable in accordance with GASB Statement No. 16 for all funds amounted to 15,793 hours with a resulting liability of \$230,869.

13. Revenue Bonds

The following is a summary of long-term revenue bond transactions entered into by the DeSoto Parish Police Jury and outstanding at December 31, 2007. The Police Jury does not guarantee these revenue bonds and they are not reported in the primary unit financial statements.

Pollution control revenue refunding bonds totaling \$50,110,000 were issued May 1, 1991. Under an agreement entered into between the DeSoto Parish Police Jury and Central Louisiana Electric Company, Incorporated, the bonds do not bear the full faith and credit of the Police Jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of Central Louisiana Electric Company, Incorporated.

Pollution control revenue refunding bonds totaling \$53,500,000 were issued July 1, 1991. Under an agreement entered into between the DeSoto Parish Police Jury and Southwestern Electric Power Company, the bonds do not bear the full faith and credit of the Police Jury. The retirement of the bonds including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of Southwestern Electric Power Company.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

13. Revenue Bonds (continued)

Pollution control revenue bonds totaling \$27,735,000 were issued August 19, 1993. Under an agreement entered into between the DeSoto Parish Police Jury and International Paper Company, Incorporated, the bonds do not bear the full faith and credit of the police jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of International Paper Company, Incorporated.

Pollution control revenue refunding bonds totaling \$25,000,000 were issued November 17, 1994. Under an agreement entered into between the DeSoto Parish Police Jury and International Paper Company, the bonds do not bear the full faith and credit of the Police Jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of International Paper Company.

Pollution control revenue refunding bonds totaling \$19,500,000 were issued April 26, 1995. Under an agreement entered into between the DeSoto Parish Police Jury and International Paper Company, the bonds do not bear the full faith and credit of the Police Jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of International Paper Company.

Environmental Improvement Revenue Refunding Bonds, 2007 Series A, totaling \$2,000,000. Under an agreement entered into between the DeSoto Parish Police Jury and International Paper Company, the bonds do not bear the full faith and credit of the Police Jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of International Paper Company.

Environmental Improvement Revenue Bonds, 2007 Series A, totaling \$10,000,000. Under an agreement entered into between the DeSoto Parish Police Jury and International Paper Company, the bonds do not bear the full faith and credit of the Police Jury. The retirement of the bonds, including interest charges, paying agent fees, and any other costs associated with servicing the debt, are the sole responsibility of International Paper Company.

14. Operating Leases

The Police Jury has entered into three long-term equipment rental agreements which are classified as operating leases:

725 Caterpillar Articulated Truck – sixty (60) month non-cancellable lease dated June 16, 2006, with a monthly rental of \$4,557.33.

Max Rosco Tack Distributor - (60) month non-cancellable lease dated June 16, 2006, with a monthly rental of \$1,874.27.

Caterpillar Track-type Tractor – sixty (60) month non-cancellable lease dated August 21, 2006, with a monthly rental of \$5,196.03.

Total cost for these leases during 2007 was \$139,532.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

14. Operating Leases (continued)

Following are the minimum annual rental payments for non-cancellable operating leases as of December 31, 2007:

	725 Caterpillar Articulated Truck	Max Rosco Truck Distributor	Caterpillar Track Type Tractor	Total
2008	54,688	22,491	62,352	117,040
2009	54,688	22,491	62,352	117,040
2010	54,688	22,491	62,352	117,040
2011	27,344	11,246	36,372	63,716
	<u>\$ 191,408</u>	<u>\$ 78,719</u>	<u>\$ 223,428</u>	<u>\$ 414,836</u>

15. Workforce Investment Act Program

The DeSoto Parish Police Jury participates in the Workforce Investment Act Program funded through the Louisiana Department of Labor by the United States Department of Labor. The Police Jury is a member of the Seventh Planning District which is comprised of ten (10) parishes. On August 16, 1983, the members of the Seventh Planning District, consisting of the Parishes of Bienville, Bossier, Caddo, Claiborne, DeSoto, Lincoln, Natchitoches, Red River, Sabine, and Webster and the Seventh Planning District Service Delivery Area (SDA) Private Industry Council entered into an agreement. This agreement designated the president of the DeSoto Parish Police Jury as the chief elected official of the SDA and the DeSoto Parish Police Jury as the WIA grant recipient. This agreement names the Coordinating and Development Corporation (CDC) as the administrative entity.

The SDA is comprised of three elements:

1. Private Industry Council (PIC) – Consists of 15 members representing a cross-section of the SDA population. The PIC is responsible for providing guidance for program development and for monitoring the operations of the administrative entity.
2. Designated Chief Elected Official – This is a police jury president elected by his peers from the Seventh Planning District. His responsibilities are the same as the PIC.
3. Administrative Entity – The organization selected by the PIC to administer the program is the Coordinating and Development Corporation (CDC) located in Shreveport, Louisiana. All action by the administrative entity must be approved by the PIC and the designated chief elected official.

In August 1983, the designated chief elected official notified the Assistant Secretary of Labor, State of Louisiana, that the Coordinating and Development Corporation (CDC) was designated as the administrative entity for the SDA and that all funds and copies of correspondence should be sent to the CDC. This notification also stated that all bookkeeping and program documents would be maintained by the CDC. Further, in September 1983, the DeSoto Parish Police Jury appointed the Executive Vice President of the CDC as the contracting officer for the WIA Program to act on behalf of the Police Jury. Since that date, the contracting officer has signed all documents on behalf of the grant recipient.

The DeSoto Parish Police Jury is the designated grant recipient and (1) has accepted full responsibility for funds expended under the grant, (2) has assured the Louisiana Department of Labor that all funds provided will be

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

15. Workforce Investment Act Program (continued)

expended according to limitations set forth in the Workforce Investment Act, federal and state regulations, and the approved job training plan, and (3) that it will reimburse the Louisiana Department of Labor for any questioned costs which are ultimately disallowed by the United States Department of Labor.

Funds are provided by the Louisiana Department of Labor through a letter of credit arrangement into a bank account in the name of the CDC which operates the day-to-day activities of the program. This arrangement was authorized in September 1983, by the designated chief elected official.

16. Commitments and Contingencies

Grant Audit

The Police Jury receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the agreements. In the opinion of management, such disallowance, if any, would be insignificant.

Lawsuits

At December 31, 2007, the Police Jury is involved in numerous lawsuits. The District Attorney, as legal counsel for the Police Jury, has opined that the likelihood that the Police Jury will prevail in these lawsuits is good. Any potential liability accruing to the Police Jury as a result of these lawsuits is expected to be immaterial and no provision has been made in the financial statements.

17. Prior Period Adjustment

During 2007, it was determined that the liability for closure and post closure costs for the Mundy landfill had been understated by \$1,486,576. For the year ended December 31, 2007, the governmental activities section of the statement of activities has been restated to reflect this liability in accordance with Statement 18 of the Governmental Accounting Standards Board.

18. Subsequent Events

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to report postemployment benefits including healthcare costs and insurance premiums. This pronouncement could have a material impact on the Government-Wide Financial Statements. The Statement is effective for periods beginning after December 15, 2007 for "Phase 2" governments (those with revenues between ten million and one hundred million).

On July 7, 2008, the DeSoto Parish Police Jury received \$28,750, 040 for the lease of its oil, gas, and other liquid or gaseous minerals.

On February 21, 2008, the Police Jury entered a standby trust agreement with a financial institution to provide for a trust fund for the benefit of the Louisiana Department of Environmental Quality to provide assurance that funds will be available when needed for liability for closure and/or post closure care of the Mundy Landfill. The trust holds an irrevocable standby letter of credit in favor of the Louisiana Department of Environmental Quality in the amount of \$4,832,790.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Financial Statements
December 31, 2007**

19. Related Party Transactions

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended December 31, 2007.

20. Deficit Fund Balances

At December 31, 2007, the Community Services Fund reported a deficit fund balance of \$58,348. Management expects to eliminate this deficit by an operating transfer from the General Fund.

Required Supplementary Information – Part II

Budgetary Comparison Schedules

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
General Fund**

For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts		Variance With Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
REVENUES					
Taxes:					
Ad valorem taxes	\$ 1,245,120	\$ 1,388,738	\$ 1,783,906	\$ (267,153)	\$ 128,015
Severance tax	618,000	601,479	589,776	11,704	1
Tourism	24,861	34,252	33,717	537	2
Licenses and permits	131,268	145,083	145,084	-	1
Intergovernmental revenues:					
Federal grants	96,503	530,443	768,498	(174,415)	63,640
State funds:					
Grants	-	-	148,077	(120,106)	27,971
State revenue sharing (net)	22,821	33,985	23,177	-	(10,808)
Video poker	88,250	134,764	132,989	1,775	-
2% fire insurance	85,000	90,332	90,332	-	-
Fees, charges, and commissions for services	241,734	393,321	76,512	(32,016)	(348,825)
Investment earnings	45,000	218,441	218,441	-	-
Rents and royalties	211,940	156,002	162,897	(6,895)	-
Contributions	-	-	20,000	-	20,000
Other revenues	-	37,494	18,106	2,374	(17,014)
Total revenues	2,810,497	3,764,334	4,211,512	(584,195)	(137,017)

(Continued)

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
General Fund**

For the Year Ended December 31, 2007

EXPENDITURES					
Current:					
General government:					
Legislative	232,887	246,161	245,465	698	246,163
Judicial	630,337	676,379	525,553	7,405	532,958
Elections	44,260	33,869	33,872	(377)	33,495
Finance and administrative:	590,414	578,408	578,418	27,191	605,609
Other	130,880	129,807	188,380	6,644	195,024
Public safety	85,000	90,332	90,332	-	90,332
Culture and recreation	55,269	65,497	65,499	923	66,422
Health and welfare	161,775	201,102	202,188	(35,587)	166,601
Economic development	38,000	36,985	39,006	-	39,006
Capital outlay	-	780,817	1,022,708	(256,413)	766,295
Debt service:					
Principle retirement	210,000	220,000	220,000	-	220,000
Interest and other charges	153,253	143,382	143,383	-	143,383
Total expenditures	2,332,075	3,202,739	3,354,804	(249,516)	3,105,288
Excess (Deficiency) of Revenues over (Under) Expenditures	478,422	561,595	856,708	(334,679)	522,029
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	63,769	-	63,769
Transfers out	(283,059)	(283,059)	(279,293)	-	(279,293)
Sale of capital assets	-	832,000	832,000	-	832,000
Total Other Financing Sources (Uses)	(283,059)	548,941	616,476	-	616,476
Net Change in fund Balance	195,363	1,110,536	1,473,184	(334,679)	1,138,505
Fund balance - beginning	4,483,956	4,483,956	4,436,379	47,577	4,483,956
Fund balance - ending	\$ 4,679,319	\$ 5,594,492	\$ 5,909,563	\$ (287,102)	\$ 5,622,461
					\$ 27,969

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
Solid Waste Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual Amounts (Budgetary Basis)	
REVENUES						
Taxes:						
Ad valorem taxes	\$ 875,725	\$ 975,640	\$ 1,242,420	\$ (188,040)	\$ 1,054,380	\$ 78,740
Sales and use taxes	619,501	813,808	781,860	31,947	813,807	(1)
Fees, charges, and commissions	794,862	1,056,171	1,016,223	39,848	1,056,071	(100)
Investment earnings	-	78,906	92,347	-	92,347	13,441
Total revenues	2,290,088	2,924,525	3,132,850	(116,245)	3,016,605	92,080
EXPENDITURES						
Current:						
General government:						
Finance and administrative:						
Credit card, bank fees	-	13,025	13,026	-	13,026	(1)
State pension plan contributions	-	-	49,127	-	49,127	(49,127)
Sanitation:						
Advertising/dues/subscriptions	1,000	427	428	-	428	(1)
Equipment rental	117,040	129,435	129,436	-	129,436	(1)
Food, clothing and supplies	15,000	16,221	16,090	132	16,222	(1)
General insurance	121,000	117,017	117,017	-	117,017	-
Group insurance	80,816	63,540	63,541	-	63,541	(1)
Maintenance of building and grounds	75,000	85,608	85,608	-	85,608	-
Maintenance of equipment	100,000	77,842	76,138	951	77,089	753
		(Continued)				

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
Solid Waste Fund
Year Ended December 31, 2006**

Materials, supplies, gas and oil	200,000	186,198	186,198	-	186,198	-
Medical (physicals)	3,500	2,228	2,077	-	2,077	151
Office expense	4,000	4,828	4,852	(24)	4,828	-
Official fees	15,000	12,813	12,813	-	12,813	-
Unemployment expense	1,000	727	727	-	727	-
Professional fees	213,000	74,962	75,332	(470)	74,862	100
Rental-land/buildings	3,000	3,000	3,000	-	3,000	-
Retirement	26,841	25,596	25,597	-	25,597	(1)
Salaries	621,968	620,392	620,431	759	621,190	(798)
Signs/sign materials	2,000	588	588	-	588	-
Small equipment purchases	4,000	15,625	15,625	-	15,625	-
Social security	47,580	46,063	46,063	1	46,064	(1)
Telephone	4,000	5,399	5,443	(45)	5,398	1
Travel and conventions	5,000	3,225	3,226	-	3,226	(1)
Utilities	12,000	14,212	14,933	(1,095)	13,838	374
Capital Outlay	1,210,000	421,990	1,108,499	(372,757)	735,742	(313,752)
Debt service:						
Principle retirement	105,978	93,320	89,475	-	89,475	3,845
Interest and other charges	16,883	11,699	15,543	-	15,543	(3,844)
Total Expenditures	3,005,606	2,045,980	2,780,833	(372,548)	2,408,285	(362,305)
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(715,518)	878,545	352,017	256,303	608,320	(270,225)
OTHER FINANCING SOURCES (USES)						
Proceeds for issuance of debt	-	-	313,752	-	313,752	313,752
Net Change in Fund Balance	(715,518)	878,545	665,769	256,303	922,072	43,527
Fund balance - beginning	1,994,034	1,994,034	2,006,307	(12,273)	1,994,034	-
Fund balance - ending	<u>\$ 1,278,516</u>	<u>\$ 2,872,579</u>	<u>\$ 2,672,076</u>	<u>\$ 244,030</u>	<u>\$ 2,916,106</u>	<u>\$ 43,527</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DeSoto Parish Police Jury
Mansfield, Louisiana

**Budgetary Comparison Schedule
Road Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual Amounts		Variance With Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
REVENUES					
Taxes:					
Ad valorem taxes	\$ 856,894	\$ 954,686	\$ 1,215,677	\$ (183,966)	\$ 77,025
Sales and use taxes	2,065,000	2,712,692	2,606,200	106,491	(1)
Severance tax	718,000	701,480	689,775	11,704	(1)
Intergovernmental revenues:					
State funds:					
Parish transportation funds	284,159	421,955	381,398	40,557	-
State revenue sharing (net)	24,409	20,178	30,986	-	10,808
Fees, charges, and commissions for services	-	702,836	712,790	(8,810)	1,144
Investment earnings	-	43,202	46,531	-	3,329
Other revenues	-	-	658	-	658
Total revenues	3,948,462	5,557,029	5,684,015	(34,024)	92,962
EXPENDITURES					
Current:					
General government:					
Finance and administrative:					
Office Supplies	5,000	13,609	13,609	13	(13)
State pension plan contributions	-	-	48,069	-	(48,069)
Utilities	20,000	24,175	25,273	(1,097)	(1)
Telephone	9,000	8,837	9,143	(305)	(1)
Medical (physicals)	5,000	865	865	-	-

(Continued)

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

Budgetary Comparison Schedule

Road Fund

For the Year Ended December 31, 2007

Public works:					
Salaries	1,206,025	1,256,815	1,265,734	-	(8,919)
Wrecker and equipment rental	22,500	27,569	27,569	-	-
General insurance	295,000	240,636	240,636	(8,918)	8,918
Building and grounds	3,000	4,323	4,324	-	(1)
Gas and oil	350,000	353,521	353,522	-	(1)
Small equipment purchases	3,000	19,240	12,707	-	6,533
Maintenance of property and equipment	150,000	313,177	313,177	(1,127)	1,127
Maintenance of buildings and grounds	3,000	8,842	8,842	(75)	75
Social security and medicare	92,261	88,714	89,367	(653)	-
Group insurance	369,062	330,111	330,111	-	-
Retirement	72,362	68,768	68,769	-	(1)
Unemployment expense	1,000	2,461	2,461	-	-
Uniforms and supplies	15,000	8,202	8,203	-	(1)
Road materials	1,150,310	2,263,154	2,263,155	-	(1)
Other charges (signs, right of ways, etc.)	75,000	49,554	49,590	-	(36)
Capital outlay	202,070	266,698	273,233	-	(6,535)
Debt service:					
Principle retirement	93,767	94,773	93,843	-	930
Interest and other charges	6,105	4,829	5,760	-	(931)
Total expenditures	4,148,462	5,448,873	5,507,962	(12,162)	(46,927)
Excess (Deficiency) of Revenues over (Under) Expenditures	(200,000)	108,156	176,053	(21,862)	46,035
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	19,367	19,368	-	1
Net Change in fund Balance	(200,000)	127,523	195,421	(21,862)	46,036
Fund balance - beginning	1,279,963	1,279,963	1,594,842	(314,879)	-
Fund balance - ending	\$ 1,079,963	\$ 1,407,486	\$ 1,790,263	\$ (336,741)	\$ 46,036

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
Rental Assistance Fund
Year Ended December 31, 2007**

	Actual Amounts			Variance With Final Budget Positive (Negative)
	Budgeted Amounts	Actual	Adjustments to Budgetary Basis	
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal grants	\$ 800,913	\$ 1,027,935	\$ 874,192	\$ 907,224
Investment earnings	6,550	6,219	6,220	6,220
Total revenues	807,463	1,034,154	880,412	913,444
EXPENDITURES				
Current:				
Section 8 voucher payments	734,032	947,076	793,333	826,365
Finance and administrative:				
Professional fees	73,431	87,078	87,079	87,079
Total expenditures	807,463	1,034,154	880,412	913,444
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
Community Services Fund
Year Ended December 31, 2007**

	Actual Amounts			Variance With Final Budget Positive (Negative)
	Budgeted Amounts	Actual	Adjustments to Budgetary Basis	
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal funds -				
Weatherization Program	\$ 255,550	\$ 189,823	\$ 209,094	\$ 189,849
Homeless Program	6,581	995	2,694	4,005
LIHEAP Program	14,355	263,155	281,815	262,014
FEMA Program	16,044	14,076	14,601	14,601
Community Service Block Grant	101,953	116,455	121,178	113,446
State funds:				
Medicaid Program	1,000	518	378	518
Other	8,000	22,950	24,963	24,535
Total revenues	403,483	607,972	654,723	608,968
EXPENDITURES				
Current:				
Community development:				
Salaries	176,329	179,527	180,689	179,527
Social security	12,573	13,357	13,179	13,357
Retirement	8,550	9,343	9,343	9,343
Group insurance	14,000	11,919	11,919	11,919
Unemployment insurance	2,000	1,345	1,345	1,345

(Continued)

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
Community Services Fund
Year Ended December 31, 2007**

Office supplies	12,000	245	245	-	245	-
Small equipment purchases	6,000	-	-	-	-	-
Telephone	6,000	-	-	-	-	-
Utilities	4,000	-	-	-	-	-
Insurance	-	12,522	12,523	-	12,523	(1)
Food assistance	6,000	13,592	21,305	-	21,305	(7,713)
Homeless assistance	6,581	3,356	9,356	-	3,356	-
Weatherization	159,750	143,150	132,748	9,766	142,514	636
Local assistance	-	-	7,761	-	7,761	(7,761)
Energy Assistance	-	294,847	280,467	(1,160)	279,307	15,540
Emergency assistance	-	10,825	10,348	-	10,348	477
Other	7,200	34,213	45,343	(1,673)	43,670	(9,457)
Total Expenditures	420,983	728,241	730,571	5,949	736,520	(8,279)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,500)	(120,269)	(75,848)	(51,704)	(127,552)	(7,283)
OTHER FINANCING SOURCES (USES)						
Transfers in	17,500	17,500	17,500	-	17,500	-
Net Change in Fund Balance	-	(102,769)	(58,348)	(51,704)	(110,052)	(7,283)
Fund balance - beginning	-	-	-	-	-	-
Fund balance - ending	\$ -	\$ (102,769)	\$ (58,348)	\$ (51,704)	\$ (110,052)	\$ (7,283)

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
Criminal Court Fund
Year Ended December 31, 2007**

	Actual Amounts					Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual Amounts (Budgetary Basis)	
	Original	Final				
REVENUES						
Fines and forfeitures	\$ 390,813	\$ 647,737	\$ 713,300	\$ (21,327)	\$ 691,973	\$ 44,236
EXPENDITURES						
Current:						
Judicial:						
Salaries	131,875	133,817	133,818	-	133,818	(1)
Social security	7,000	7,247	7,248	-	7,248	(1)
Retirement	11,070	13,140	13,140	-	13,140	-
Group insurance	3,200	8,137	8,138	-	8,138	(1)
L.A.C.E. payments	160,068	338,015	340,466	(2,451)	338,015	-
Official fees	41,000	1,781	38,591	3,356	41,947	(40,166)
Professional fees	4,100	9,204	10,115	(912)	9,203	1
Law library	4,000	13,753	15,849	(2,096)	13,753	-
Maintenance of equipment	500	700	701	-	701	(1)
Insurance	9,500	635	636	-	636	(1)
Maintenance of courtroom and offices	-	350	1,816	(1,466)	350	-
Office expense	4,500	17,407	12,362	4,874	17,236	171
Small equipment purchases	5,000	-	-	-	-	-
Court attendance	9,000	3,875	6,308	(199)	6,109	(2,234)
Total Expenditures	390,813	548,061	589,188	1,106	590,294	(42,233)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	99,676	124,112	(22,433)	101,679	2,003
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	(63,769)	-	(63,769)	(63,769)
Total Other Financing Sources (Uses)	-	-	(63,769)	-	(63,769)	(63,769)
Net Change in Fund Balance	-	99,676	60,343	(22,433)	37,910	(61,766)
Fund balance - beginning	-	-	-	-	-	-
Fund balance - ending	\$ -	\$ 99,676	\$ 60,343	\$ (22,433)	\$ 37,910	\$ (61,766)

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
Sales Tax Fund
Year Ended December 31, 2007**

	Actual Amounts				Variance With Final Budget Positive (Negative)
	Budgeted Amounts Original	Final	Actual	Adjustments to Budgetary Basis	
REVENUES					
Taxes:					
Sales and use taxes	\$ 118,226	\$ 127,530	\$ 123,936	\$ 3,592	\$ (2)
Investment earnings	7,500	11,416	13,915	-	2,499
Total revenues	125,726	138,946	137,851	3,592	2,497
EXPENDITURES					
Current:					
General government:					
Finance and administrative:					
Administrative commissions and fees	125,726	138,946	137,851	3,592	(2,497)
Net change in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Budgetary Comparison Schedule
WIA Fund
Year Ended December 31, 2007**

	Budgeted Amounts		Actual Amounts		Variance With Final Budget Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	
REVENUES					
Intergovernmental revenues:					
Federal grants	\$ 3,193,461	\$ 3,193,461	\$ 2,839,549	\$ -	\$ (353,912)
EXPENDITURES					
Current:					
Economic Development:					
Adult program	553,237	553,237	728,018	-	(174,781)
Youth activities	1,102,216	1,102,216	778,582	-	323,634
Dislocated workers	1,239,028	1,239,028	1,116,126	-	122,902
Temporary assistance to needy families	298,980	298,980	208,174	-	90,806
Disability navigators program	-	-	8,649	-	(8,649)
Total expenditures	3,193,461	3,193,461	2,839,549	-	353,912
Net change in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to Required Supplementary Information
December 31, 2007**

Budgetary Information

The budgets are prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the cash basis of accounting. Budgets for some capital project funds are adopted on a project-length basis. Because the budgets adopted on a project-length basis primarily serve as a management control function, no comparison between budgeted and actual amounts for major funds (if any) budgeted on this basis is provided in these financial statements.

The Louisiana Local Government Budget Act provides that "the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing year". The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

Preliminary budgets for the ensuing year are prepared by the treasurer during October of each year. During the month of November, the finance committee reviews the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are then advertised in the official journal. Usually during its regular December meeting, the Police Jury holds a public hearing on the proposed budgets in order to receive comments from the public and other interested parties. Changes are made to the proposed budgets based on the public hearing and the desires of the Police Jury as a whole. The budgets are usually adopted during the regular December meeting and notice is published in the official journal.

Louisiana Revised Statute (LSA-R.S.) 39:1311 requires the chief executive or administrative officer of the Police Jury to advise the Jury in writing when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated fund balance by five percent or more and fund balance is being used to fund current year expenditures.

The treasurer presents necessary budget amendments to the Police Jury during the year when, in his judgment, actual operations differ materially from those anticipated in the original budgets. During a regular or special meeting, the Police Jury reviews the proposed amendments, makes changes as it feels necessary, and formally adopts the amendments. The adoption of the amendments is included in the Police Jury minutes published in the official journal.

The Police Jury exercises budgetary control at the functional level. Within functional levels, the treasurer has the authority to make amendments as necessary.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budgets were amended on December 27, 2007. The budget comparison schedules present the original adopted budgets and the final amended budgets.

Other Supplementary Information

**DeSoto Parish Police Jury
Mansfield, Louisiana**
**Other Governmental Funds
Year Ended December 31, 2007**

E911 District Fund

The E911 District Fund accounts for the establishment, maintenance, and operation of the 911 emergency telephone system for DeSoto Parish. Financing is provided by ad valorem taxes and a 5 percent service charge on local telephone service within the parish.

Jail Fund

The Jail Fund accounts for the construction, improvement, and maintenance of parish jail facilities. Financing is primarily provided by sales taxes.

Witness and Juror Fund

The Witness and Juror Fund maintains the court costs assessed and collected from criminal defendants who are convicted or plead guilty or no contest in district court. From these costs the police jury pays the compensation and mileage for jurors as required by R. S. 3049. The fund also accounts for fees collected in court proceedings to reimburse other governmental entities for the expense of off-duty law enforcement personnel to be witnesses in court.

Airport Fund

The Airport Fund accounts for the operation and maintenance of a parish airport facility. Financing is primarily provided by federal and state grants, fees, and interest earned on investments.

Homeland Security Fund

The Homeland Security Fund is used to account for grants obtained through the State of Louisiana Division of Administration for domestic preparedness and hurricane relief.

DeSoto Parish Police Jury
Mansfield, Louisiana

Combining Balance Sheet
Other Governmental Funds
December 31, 2007

	Special Revenue					Total
	E-911 District	Jail Fund	Witness and Juror	Airport Fund	Homeland Security	
ASSETS						
Cash and cash equivalents	\$ 78,374	\$ -	\$ 135,779	\$ -	\$ 11,607	\$ 225,760
Investments	115,500	-	-	-	-	115,500
Receivables (net of allowance for uncollectibles)	227,013	-	15,088	1,717	25,540	269,358
Due from other funds	2,137	51,664	3,426	400	-	57,627
Total Assets	<u>\$ 423,024</u>	<u>\$ 51,664</u>	<u>\$ 154,293</u>	<u>\$ 2,117</u>	<u>\$ 37,147</u>	<u>\$ 668,245</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 11,151	\$ 29,926	\$ 1,257	\$ 522	\$ -	\$ 42,856
Deferred revenues	9,891	-	-	-	-	9,891
Total Liabilities	<u>21,042</u>	<u>29,926</u>	<u>1,257</u>	<u>522</u>	<u>-</u>	<u>52,747</u>
Fund balances:						
Reserved for:						
Domestic preparedness	-	-	-	-	37,147	37,147
Unreserved, undesignated (deficit)	401,982	21,738	153,036	1,595	-	578,351
Total Fund Balances	<u>401,982</u>	<u>21,738</u>	<u>153,036</u>	<u>1,595</u>	<u>37,147</u>	<u>615,498</u>
Total Liabilities and Fund Balances	<u>\$ 423,024</u>	<u>\$ 51,664</u>	<u>\$ 154,293</u>	<u>\$ 2,117</u>	<u>\$ 37,147</u>	<u>\$ 668,245</u>

Supplementary Information
Presented for purposes of additional analysis only.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2007**

	E-911 District	Special Revenue				Total
		Jail Fund	Witness and Juror	Airport Fund	Homeland Security	
REVENUES						
Taxes:						
Ad valorem	\$ 241,602	\$ -	\$ -	\$ -	\$ -	\$ 241,602
Sales and use	-	521,240	-	-	-	521,240
Intergovernmental revenues:						
Federal grants	-	-	-	19,952	156,221	176,173
State funds:						
State grants	-	-	-	2,854	-	2,854
State revenue sharing (net)	6,321	-	-	-	-	6,321
Fees, charges, and commissions for services	124,990	-	-	11,337	-	136,327
Fines and forfeitures	-	-	231,155	-	-	231,155
Investment earnings	10,755	-	1,082	-	1,428	13,265
Contributions	-	-	-	2,000	-	2,000
Total Revenues	383,668	521,240	232,237	36,143	157,649	1,330,937
EXPENDITURES						
Current:						
Judicial	-	-	105,633	-	-	105,633
Public safety	277,426	704,568	-	-	130,781	1,112,775
Health and welfare	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Transportation	-	-	-	65,834	-	65,834
Capital outlay	-	-	-	45,008	-	45,008
Debt Service:						
Principal	47,949	-	-	4,472	-	52,421
Interest	13,041	-	-	928	-	13,969
Total Expenditures	338,416	704,568	105,633	116,242	130,781	1,395,640

Supplementary Information
Presented for purposes of additional analysis only.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended December 31, 2007**

(Continued)

	E-911 District	Jail Fund	Special Revenue Witness and Juror	Airport Fund	Homeland Security	Total
Excess (Deficiency) of Revenues over (Under) Expenditures	45,252	(183,328)	126,604	(80,099)	26,868	(64,703)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	154,723	-	81,694	-	236,417
Total Other Financing Sources and Uses	-	154,723	-	81,694	-	236,417
Net Change in Fund Balance	45,252	(28,605)	126,604	1,595	26,868	171,714
Fund Balances - beginning	356,730	50,343	26,432	-	10,279	443,784
Fund Balances - ending	<u>\$ 401,982</u>	<u>\$ 21,738</u>	<u>\$ 153,036</u>	<u>\$ 1,595</u>	<u>\$ 37,147</u>	<u>\$ 615,498</u>

Supplementary Information
Presented for purposes of additional analysis only.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Schedule of Compensation Paid to Police Jurors
For the Year Ended December 31, 2007**

The schedule of compensation paid to police jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the police jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, The Police Jury has elected the monthly payment method of compensation. Under this method the jurors, except for the president, receive \$1000 per month for performing the duties of their office. The president of the Police Jury receives an additional \$100 (\$1,100) each month. During 2007, juror Clyde Washington, Jr. died and his remaining term was filled by Lois Washington.

	<u>Per Diem</u>	<u>Expense Reimbursements</u>
B. Dewayne Mitchell, President	\$ 13,200	\$ 546
G. Wayne Williams - Vice President	12,000	125
Jarrel O. Burch	12,000	480
Richard T. Burford, Sr.	12,000	533
Wallace H. Holmes	12,000	338
Fred Jones	12,000	5,645
Roy Jones	12,000	3,557
Sylvester Mayweather	12,000	188
A. W. McDonald, Jr.	12,000	736
Reggie Roe	12,000	992
Clyde Washington, Jr.	8,700	14
Lois Washington	3,300	12
Total	<u>\$ 133,200</u>	<u>\$ 13,166</u>

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007**

Federal Grantor/ Pass-Through Grantor Name/ Program Title	CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
UNITED STATES DEPARTMENT OF LABOR:			
Passed through Louisiana Department of Labor:			
Temporary Assistance to Needy Families	93.558	None	\$ 208,174
Disability Navigators Program	17.266	None	8,649
Workforce Investment Act Cluster:			
Adult Program	17.258	None	728,018
Youth Activities	17.259	None	778,582
Dislocated Workers	17.260	None	1,116,126
Total United States Department of Labor			<u>2,839,549</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Program - Lower Income Housing Assistance Program	14.871	LA230	880,412
Passed through Louisiana Division of Administration			
Community Development Block Grant- State's Program	14.228		129,526
Passed through Louisiana Department of Social Services:			
Emergency Shelter Grants Program for the Homeless	14.231	610784	3,356
Total United States Department of Housing and Urban Development			<u>1,013,294</u>
UNITED STATES DEPARTMENT OF JUSTICE:			
Passed through the Louisiana			
Department of Public Safety and Corrections:			
State Domestic Preparedness Equipment Support Program	97.004	None	<u>130,781</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION:			
Passed through the Louisiana Department			
of Transportation and Development:			
Rural Transportation Assistance - Section 18	20.509	None	143,499
Federal Aviation Administration	20.106	3-22-0029-005-2006	3,678
Total United States Department of Transportation			<u>147,177</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through Louisiana Department of Social Services:			
Low-Income Energy Assistance Program	93.568	370700338	280,467
Emergency Food and Shelter National Board Program	97.024	None	9,623
Passed through Louisiana Department of Labor:			
Community Services Block Grant	93.569	None	118,377
Total United States Department of health and Human Services			<u>408,467</u>

(continued)

Supplementary Information
Presented for purposes of additional analysis only.

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007**

UNITED STATES DEPARTMENT OF ENERGY:

Passed through the Louisiana Department of Social Services:

Weatherization Assistance for Low Income Persons	81.042	370700377	\$ 132,748
--	--------	-----------	------------

UNITED STATES DEPARTMENT OF COMMERCE:

Direct Program - Economic Development Support	11.302	08-01-04067	495,473
---	--------	-------------	---------

Total Federal Financial Assistance			<u>\$ 5,167,489</u>
---	--	--	---------------------

**DeSoto Parish Police Jury
Mansfield, Louisiana**

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Police Jury and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

**Other Reports Required by
Government Auditing Standards, the Louisiana Governmental
Audit Guide, and OMB Circular A-133**

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards**

DeSoto Parish Police Jury
Mansfield, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the DeSoto Parish Police Jury, Mansfield, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements of the Police Jury's primary government and have issued my report thereon dated September 10, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the DeSoto Parish Police Jury's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Police Jury's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Police Jury's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Police Jury's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Police Jury's financial statements that is more than inconsequential will not be prevented or detected by the Police Jury's internal control. I consider the following deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting: Item 07-6 and Item 07-7.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Police Jury's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider items 07-6 and 07-7 to be material weaknesses.

POST OFFICE BOX 5946, SHREVEPORT, LA 71135
PHONE: 318-798-1978 FAX: 318-798-1917

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeSoto Parish Police Jury's primary government financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 07-1, 07-2, 07-3, 07-4, and 07-5.

The DeSoto Parish Police Jury's response to the findings in my audit is included in the accompanying "Management's Corrective Action Plan". I did not audit the Police Jury's response, and accordingly, I express no opinion on it.

This report is intended solely for the information and use of the DeSoto Parish Police Jury, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities, and management and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 21:513, this report is a public document and its distribution is not limited.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
September 10, 2008

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

**Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance with OMB Circular A-133**

DeSoto Parish Police Jury
Mansfield, Louisiana

Compliance

I have audited the compliance of DeSoto Parish Police Jury, Mansfield, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The DeSoto Parish Police Jury's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the management of the DeSoto Parish Police Jury. My responsibility is to express an opinion on the Police Jury's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Police Jury's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the DeSoto Parish Police Jury's compliance with those requirements.

As described in items FFA07-01, FFA07-02, FFA07-03, and FFA07-05 in the accompanying schedule of findings and questioned costs, the DeSoto Parish Police Jury did not comply with requirements regarding eligibility, reasonable rent, and the housing assistance payments that are applicable to its Low-Income Housing Assistance Program. Compliance with such requirements is necessary, in my opinion, for the DeSoto Parish Police Jury to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the DeSoto Parish Police Jury complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. The results of my auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item FFA07-04.

POST OFFICE BOX 5946, SHREVEPORT, LA 71135
PHONE: 318-798-1978 FAX: 318-798-1917

Internal Control Over Compliance

The management of the DeSoto Parish Police Jury is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Police Jury's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Police Jury's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Police Jury's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies and others that I consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FFA07-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, I consider item FFA07-03 to be a material weakness.

The DeSoto Parish Police Jury's response to the findings identified in my audit is included in the accompanying "Management's Corrective Action Plan". I did not audit the Police Jury's response, and accordingly, I express no opinion on it.

This report is intended solely for the information and use of the DeSoto Parish Police Jury, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities, and management and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 21:513, this report is a public document and its distribution is not limited.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
September 10, 20087

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

A. Summary of Auditor's Results

Financial Statements:

1. The Auditor's report expresses an unqualified opinion on the primary government's governmental activities, business type activities, each major fund, and the aggregate remaining fund information and expresses an adverse opinion on the missing aggregate discretely presented component unit opinion unit.
2. The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* reports two (2) reportable conditions related to internal control over financial reporting. Both of the reportable conditions are considered to be material weaknesses.
3. The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* reports five (5) reportable conditions of noncompliance material to the financial statements.
4. Management's Summary Schedule of Prior Audit Findings is included in the financial statements.
5. No Memorandum of Other Comments and Recommendations was issued.
6. Management's Corrective Action Plan is included in the financial statements.

Federal Awards:

7. The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 expresses a qualified opinion.
8. The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 reports one reportable condition related to internal control over major programs. The condition is considered to be a material weakness.
9. The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 reports five (5) audit findings required to be reported in accordance with Circular A-133, Section 510(a).
10. Identification of major programs:
 - CFDA #17.258, 17.259, and 17.260 – Workforce Investment Act Cluster
 - CFDA # 14.871 – Low-Income Housing Assistance Program
 - CFDA # 11.302 – Economic Development Support
11. The threshold for distinguishing between Type A and Type B programs was \$300,000.
12. The DeSoto Parish Police Jury does not qualify as a low-risk Auditee.

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

B. Findings Relating to the Financial Statements Which are Required to be Reported Under *Government Auditing Standards*.

COMPLIANCE:

Item: 07-1

Criteria or specific requirement:

Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a) requires "audits shall be completed within six months of the close of the entity's fiscal year".

Condition:

The Police Jury's annual financial audit was not completed and filed with the Louisiana Legislative Auditor on or before June 30, 2008.

Questioned costs:

None

Context:

The entity is not in compliance with Louisiana Revised Statute (LSA-R.S.) 24:513(A) (5) (a).

Effect:

The DeSoto Parish Police Jury is in non-compliance with Louisiana Revised Statute 24:513(A) (5) (a) and the reporting requirements of several grants received by the Parish Police Jury.

Cause:

The financial records were available for audit in a timely manner, but (1) serious illness in the auditor's immediate family caused scheduled audit work to be delayed several days; and (2) considerable additional work was performed to conduct tests requested by the Legislative Auditor's Office.

Recommendation:

The annual financial statements should be issued on or before June 30 in accordance with the requirements of Louisiana Revised Statute 24:513(A) (5) (a).

Item: 07-2

Criteria or specific requirement:

Louisiana Revised Statute (LSA-R.S.) 39:1305 (A) requires the Police Jury to retain financial records for a minimum period of three years

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Condition:

The DeSoto Parish Police Jury was not able to provide supporting documentation or contracts for the public bid for fuel.

Questioned costs:

Unknown

Context:

The Police Jury accepted the low bid of Bowman Oil Company to provide taxable diesel, non-taxable diesel and unleaded gasoline on January 10, 2007. The Police Jury did not retain the bid or an executed contract with Bowman Oil which documented the accepted bid price for fuel.

Effect:

The DeSoto Parish Police Jury is not in compliance with Louisiana Revised Statute. Furthermore, the Police Jury was unable to verify that monthly invoices for fuel were in compliance with the bid prices.

Cause:

Unknown

Recommendation:

The DeSoto Parish Police Jury should retain all documentation related to public bids for a period of at least three years. All invoices related to items publicly bid, should be compared to the accepted bids to ensure proper pricing prior to approval for payment.

Item: 07-3

Criteria or specific requirement:

Louisiana Revised Statute (LSA-R.S.) 39:1311 requires the chief executive or administrative officer of the Police Jury to advise the Jury in writing when:

1. Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
2. Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
3. Actual beginning fund balance, within a fund, fails to meet estimated fund balance by five percent or more and fund balance is being used to fund current year expenditures

Louisiana Revised Statute (LSA-R.S.) 39:1310 requires the governing authority (Police Jury) to adopt a budget amendment in an open meeting when it receives notification pursuant to R.S. 39:1311.

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Condition:

The total actual revenues and other sources within the WIA Fund and the Rental Assistance Fund failed to meet total budgeted revenues and other sources by five percent or more. The total actual expenditures and other uses within the Solid Waste Fund, and the Criminal Court Fund exceeded the total budgeted expenditures and other uses by five percent or more.

Questioned costs:

None

Context:

Total revenues of the WIA Fund failed to meet the final amended budgetary amounts by \$353,912 (11.08%).

Total revenues of the Rental Assistance Fund failed to meet the final amended budgetary amounts by \$120,710 (11.67%).

Expenditures and other uses of the Solid Waste Fund exceeded the final amended budgetary amounts by \$362,305 (17.71%).

Expenditures and other uses of the Criminal Court Fund exceeded the final amended budgetary amounts by \$106,002 (19.34%).

Effect:

The Police Jury is not in compliance with Louisiana Revised Statute (LSA-R.S.) 39:1310.

Cause:

Unknown

Recommendation:

The Police Jury should amend the adopted budgets of the General Fund or any special revenue fund whenever total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more or whenever total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

Item: 07-4

Criteria or specific requirement:

Article VII Section 14 of the Louisiana Constitution prohibits the loaning, pledging, or donation of the funds, credit, property, or things of value of any political subdivision to or for any person, association, or corporation, public or private.

Condition:

The Police Jury has a policy of maintaining driveways for handicapped citizens of DeSoto Parish.

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Questioned costs:

Unknown

Context:

During my examination of Road Department work orders, I noted several work orders selected for testing related to driveway maintenance for handicapped individuals.

On November 10, 1999, the DeSoto Parish Police Jury adopted a resolution providing that requests for driveway maintenance for handicapped citizens would be reviewed by the road superintendent and the juror of the respective district. Upon their approval, the Police Jury would provide driveway maintenance.

The Police Jury has received an opinion letter from the Office of the District Attorney of the Eleventh Judicial District which states in part "it would appear that the Louisiana Attorney General would, if requested, opine that the DeSoto Parish Police Jury could expend funds to improve driveways of handicapped persons to make said driveways more accessible to ambulances, the vehicles of nurses and other home-healthcare professionals, but only if the Parish established a program with objective criteria for same. In other words, the Police Jury needs to adopt an ordinance establishing a program to assist in improving private driveways owned/used by handicapped persons."

The District Attorney's opinion appears to reference Attorney General Opinion Number 04-0088 issued April 27, 2004. In that opinion, the Attorney General stated in part "it is our opinion that the parish may use public funds to improve the driveways. Although the Louisiana Constitution prohibits the donation of public funds, public funds may be used for programs of social welfare for the aid and support of the needy. Such a program, however, must include objective criteria to determine who is truly needy. The Franklin Parish Police Jury must provide for objective criteria to determine who of its senior citizens needs such assistance. A person's income and age are such objective criteria".

Effect:

The Police Jury may have violated Article VII Section 14 of the Louisiana Constitution by providing driveway maintenance to certain individuals who would not meet objective criteria to determine the need for assistance.

Cause:

The DeSoto Parish Police Jury has not established objective criteria to determine who of its citizens needs such assistance

Recommendation:

The Police Jury should establish objective criteria to determine who of its citizens needs such assistance. The Jury's consideration of an individual's need for assistance should be formally documented and approved by the full Jury in open session.

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Item: 07-5

Criteria or specific requirement:

Louisiana Revised Statute 48:755(B) (2) provides that "The Funds appropriated to each parish shall be used for the benefit of the parish as a whole and within the priority ranking for the parish. The most critical needs existing parish-wide according to the priority ranking shall be met first. Funds shall not be expended in the parish until the parish has complied with the provisions of this part."

Condition:

The Police Jury has expended Parish Transportation Funds without adhering to the priority ranking of maintenance for the parish as a whole.

Questioned costs:

\$381,398

Context:

The Police Jury annually adopts a parishwide program of construction in a prioritized ranking based on parish-wide needs. As part of my examination, I compared the monthly reports of road maintenance costs prepared by the road superintendent to the priority ranking for the parish. I noted that maintenance was performed on certain roads lower in priority before work was performed on roads listed as having a higher priority.

Effect:

The Police Jury has not followed its adopted priority of construction.

Cause:

Unknown

Recommendation:

The Jury should follow its priority of construction addressing the most critical needs existing on a parish-wide basis first.

INTERNAL CONTROL:

Item: 07-6

Criteria or specific requirement:

Effective internal control requires the accounts payable clerk to review purchase orders and contractual agreements to verify vendor charges for materials and services.

Condition:

During my examination, I noted several invoices where vendor charges for tires exceeded the accepted bid amounts.

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Questioned costs:

Undetermined

Context:

The Police Jury publicly advertised for an annual contract to provide listed tires and accepted the low bid. During the year, the low bidder charged prices in excess of the amounts bid. The Police Jury paid these invoices without questioning the excess charges.

Effect:

The Police Jury paid charges for tires in excess of the amounts bid by the vendor.

Cause:

Unknown

Recommendation:

The accounts payable clerk should compare all invoices to the related accepted bids or purchase orders to verify proper vendor charges prior to providing the vendor package to the finance committee for review.

Item: 07-7

Criteria or specific requirement:

Effective internal control requires that the disposition of citations for violations of parish road ordinances be properly accounted.

Condition:

Road violation citations are not issued in sequential numerical order.

Questioned costs:

Unknown

Context:

The Road Department does not issue citations to enforcement officers in sequential numerical order.

Effect:

Failure to issue road violation citations in numerical order significantly weakens internal control and significantly increases the risk that errors or irregularities might occur without being detected in a timely fashion.

Cause:

Unknown

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Recommendation:

The Road Department should issue citations in numerical order. Enforcement officers should be required to sign a citation log to acknowledge receipt of the related tickets. Management should periodically review the citations issued to ensure that all issued tickets are properly accounted.

C. Findings and Questioned Costs for Major Federal Award Programs Audit

Item: FFA07-01

Criteria or specific requirement:

The goal of the Housing Choice Voucher program is to provide "decent, safe, and sanitary" housing at an affordable cost to low-income families. To accomplish this, program regulations set forth basic housing quality standards (HQS) which all units must meet before assistance can be paid on behalf of a family and at least annually throughout the term of the assisted tenancy.

Condition:

I noted three (3) occurrences in my sample of twenty two (22) files where HAP payments were made for the period between recertification of a unit and the date the unit passed inspection.

Questioned costs:

HAP payments made for dates spanning the period between recertification and the date the unit passed inspection.

Context:

HAP payments must be abated for the period between recertification and the unit passing inspection.

Effect:

Improper payments were made to owner.

Cause:

Unknown

Recommendation:

The PHA should abate HAP payments to owners during periods that the unit does not pass inspection.

Item: FFA07-02

Criteria or specific requirement:

The Housing Authority must not make any housing assistance payments to the owner until the HAP contract has been executed. A tenant/owner lease agreement as well as a PHA/owner contract must be completed before the beginning of the initial lease term of a unit.

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Condition:

During my examination, I noted three (3) occurrences in my sample of twenty two (22) files examined where housing assistance was paid for periods prior to completion of the HAP contract.

Questioned costs:

\$179

Context:

The PHA made payments to landlords for periods prior to the contract date.

Effect:

Improper lease payments were made by the PHA to the landlord.

Cause:

Unknown

Recommendation:

The housing authority should not make payments to landlords for periods out of contract date.

Item: FFA07-03

Criteria or specific requirement:

Proper verification is required to verify potential tenants' identity and eligibility for the Section 8 program, and to ensure accurate calculation of rental assistance subsidies.

24 CFR 982.551

Condition:

Of twenty two (22) files examined, seven (7) files did not include a photo identification of adult members of the household, ten (10) files were missing one or more birth certificates, nine (9) files were missing social security cards, three (3) files had missing or inadequate verifications of income, and two (2) files included family members over eighteen years of age without authorization for release of information/privacy act notice (HUD Form 9886).

Questioned costs:

Undetermined

Context:

The PHA is not in compliance with Federal Regulations.

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Effect:

Inaccurate rent calculations and the inability of the housing authority to properly identify potential tenants and obtain background checks in compliance with the "one strike" rule.

Cause:

Unknown

Recommendation:

The housing authority should obtain and maintain in its files required tenant documentation.

Item: FFA07-04

Criteria or specific requirement:

HAP payments cannot be made during periods when housing quality standards are not satisfied.

Condition:

There were three (3) files that reflected instances of HAP payments being paid and/or prorated for periods that were questionable for the following reasons:

1. The 50058 effective dates were prior to the dates contracts were completed by the tenant and landlord.
2. Emergency or life threatening repairs not completed by landlord within 24 hours of notification.

Questioned costs:

Undetermined

Context:

HAP payments were made outside of the dates of certification submitted on HUD Form 50058.

HAP payments were not abated for failure to make repairs to dangerous or life threatening situations within 24 hours.

Effect:

Payments are made to landlords for periods not within the period of the Housing Choice Voucher contract.

Cause:

Unknown

DeSoto Parish Police Jury
Mansfield, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2007

Recommendation:

The housing authority must define specific instructions in the administrative plan detailing conditions that must be met before HAP payments can be made, and ensuring that effective dates reported on the 50058 are accurate.

Tenants and landlords must be advised during briefings and prior to lease up that the housing authority is not responsible for dates of occupancy which fall outside the certification period, which would include dates of occupancy during which repairs have not been made, contracts have not been completed, utilities not connected, etc.

Item: FFA07-05

Criteria or specific requirement:

HAP contracts cannot be approved until the housing authority has determined that the rent is reasonable. HUD regulations define a reasonable rent as one that does not exceed the rent charged for comparable, unassisted units in the same market area. HUD also requires that owners do not charge more for assisted units than for comparable unassisted units on the premises.

The PHA must maintain records to document the basis for the determination that rent to the owner is a reasonable rent (initially and during the term of the rent contract).

Condition:

One file included no rent reasonable comparisons.

Questioned costs:

Undetermined

Context:

The PHA must determine that the rent paid to the owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to the owner; and (b) at the HAP contract anniversary if there is a five percent decrease in the published fair market rent in effect 60 days before the contract anniversary.

Effect:

Payments made to landlords are not properly documented as "reasonable rent".

Cause:

Unknown

Recommendation:

The PHA should maintain properly completed records to document the basis for the determination that rent paid to the owner is a reasonable rent.

DeSoto Parish Police Jury
Mansfield, Louisiana

Management's Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

COMPLIANCE:

Item: 06-1

Condition:

The Police Jury's annual financial audit was not completed and filed with the Louisiana Legislative Auditor on or before June 30, 2007.

Status:

Not resolved. See Finding 07-1.

Item: 06-2

Condition:

The DeSoto Parish Police Jury did not prepare a budget for the Work Incentive Act or the Rental Assistance special revenue funds for the period ended December 31, 2006.

Status:

Resolved

Item: 06-3

Condition:

The Police Jury did not prepare amended budgets for the general and special revenue funds whenever total actual revenues and other sources failed to meet total budgeted revenues and other sources by five percent or more or whenever the total actual expenditures and other uses exceeded the total budgeted expenditures and other uses by five percent or more.

Status:

Not resolved. See Finding 07-3.

Item: 06-4

Condition:

My review of billings and collections of the Eastside Sewer System revealed that several customers had accounts that were significantly past-due.

Status:

Resolved

DeSoto Parish Police Jury
Mansfield, Louisiana

Management's Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

Item: 06-5

Condition:

The DeSoto Parish Police Jury loaned funds to the DeSoto Council on Aging, Inc. as a bridge loan until the corporation's funding was approved by the Louisiana Department of Transportation.

Status:

Resolved

Item: 06-6

Condition:

D. & D Aviation, Inc. has not paid the DeSoto Parish Police Jury for fuel sold on a consignment basis at the parish airport.

Status:

Resolved

Item: 06-7

Condition:

The Police Jury purchased a computer assisted dispatch system (CAD) on January 3, 2006 for the E-911 District without properly advertising for public bids.

Status:

Resolved

Item: 06-8

Criteria or specific requirement:

Condition:

The Police Jury has a policy of maintaining driveways for handicapped citizens of DeSoto Parish.

Status:

Not resolved. See Finding 07-4.

DeSoto Parish Police Jury
Mansfield, Louisiana

Management's Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

Item: 06-9

Condition:

The Police Jury has expended Parish Transportation Funds without adhering to the priority ranking of maintenance for the parish as a whole.

Status:

Not resolved. See Finding 07-5.

INTERNAL CONTROL:

Item: 06-10

Criteria or specific requirement:

Condition:

Charge-offs of customer accounts for tipping fees at the solid waste landfill were not properly approved before they were posted to the individual customer accounts.

Status:

Resolved

Item: 06-11

Condition:

Road violation citations are voided by the road superintendent or the office staff of the Road Department.

Status:

Resolved

D. Findings and Questioned Costs for Major Federal Award Programs Audit

Item: FFA06-01

Condition:

I noted an occurrence where HAP payments were made for the period between recertification of a unit (April 1, 2006) and the date the unit passed inspection (May 23, 2006).

Status:

Not resolved. See Finding FFA07-01.

DeSoto Parish Police Jury
Mansfield, Louisiana

Management's Summary Schedule of Prior Audit Findings
Year Ended December 31, 2007

Item: FFA06-02

Condition:

During my examination, I noted two (2) files of the twenty (20) files examined that did not include a lease agreement and one file that did not include a current lease agreement.

Status:

Resolved

Item: FFA06-03

Condition:

Of twenty (20) files examined, twelve (12) files did not include a photo identification of adult members of the household, ten (10) files were missing one or more birth certificates, eleven (11) files were missing social security cards, three (3) files had missing or inadequate verifications of income, and two (2) files included family members over eighteen years of age without authorization for release of information/privacy act notice (HUD Form 9886).

Status:

Not resolved. See Finding FFA07-03

Item: FFA06-04

Condition:

There were three (3) files that reflected instances of HAP payments being paid and/or prorated for periods that were questionable for the following reasons:

The 50058 effective dates were prior to the dates contracts were completed by the tenant and landlord.

Status:

Not resolved. See Finding FFA07-04

Item: FFA06-05

Condition:

One file contained completed documentation of the determination of "reasonable rent" for a one bedroom unit while the actual unit size was two bedrooms.

The PHA must determine that the rent paid to the owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to the owner; and (b) at the HAP contract anniversary if there is a five percent decrease in the published fair market rent in effect 60 days before the contract anniversary.

Status:

Not resolved. See Finding FFA07-05



DeSoto Parish Police Jury

P.O. Box 898 Mansfield, Louisiana 71052
PHONE: (318) 872-0738 FAX: (318) 872-5343

September 22, 2008

OFFICERS

Bryant Yopp
President

Ernel Jones
Vice President

Shirley C. Wheless
Secretary

Linda Gatlin
Treasurer

MEMBERS

Jerry Moncrief
Longstreet, LA 71050
District 1A

Dewayne Mitchell
Logansport, LA 71049
District 1B

J.O. Burch
Mansfield, LA 71052
District 1C

Bryant Yopp
Stonewall, LA 71078
District 2

Greg Baker
Stonewall, LA 71078
District 3

Richard Fuller
Mansfield, LA 71052
District 4A

Jeff Heard
Mansfield, LA 71052
District 4B

Ernel Jones
Mansfield, LA 71052
District 4C

Sylvester Mayweather
Mansfield, LA 71052
District 4D

Reggie Roe
Frierson, LA 71027
District 5

Fred Jones

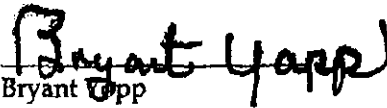
Dear Gentlemen:

In response to the findings in our audit for the year ending December 31, 2007, we submit the following comments:

- | | |
|--|--|
| Item 07-01
06-01 | The Police Jury concurs with the cause and recommendations presented in the Schedule of Findings and Questioned Costs and will continue to work with it's auditor to ensure compliance with LSA-R.S.24-513(A)(5)(a). |
| Item 07-02 | Financial records will be retained for a minimum period of three years to comply with LSA-R.S. 39-1305(A). |
| Item 07-03
06-03 | The Police Jury financial staff will properly monitor budgetary activity and amend the budgets of all funds as required by LA R.S. 39:1310. |
| Item 07-04
06-08 | The Police Jury will review the ordinance establishing a program to assist in improving private driveways owned/used by handicapped persons to include objective criteria for assistance. |
| Item 07-05
06-09 | The Police Jury will review it's compliance with the Parish Transportation Act and take necessary action to insure that funds are expended to address the most critical needs on a parish-wide basis first. |
| Item 07-06 | Procedures for processing accounts payable will be reviewed and updated to insure that all payments are proper and relate to the accepted bid or purchase order. |
| Item 07-07 | The violation citations are being issued to enforcement officers in sequential order. Management will review the violation citation log periodically to ensure that all issued tickets are properly accounted. |
| Item FFA07-01 - The PHA will abate payments to owners during periods that the unit FFA06-01 does not pass inspection. | |
| Item FFA07-02 - The PHA will obtain HAP contracts before lease payments are made to landlords. | |
| Item FFA07-03 - The PHA will obtain and maintain in its files required tenant FAA06-03 documentation. | |
| Item FFA07-04 - The PHA will not make payments to landlords not within the period of FFA06-04 the Housing Choice Voucher contract. | |

Item FFA07-05 - The PHA will acquire new and updated rent comparables and maintain proper
FFA06-05 proper records that will document the basis for the determination that rent paid
to owners is a reasonable rent.

Respectively Submitted,
DeSoto Parish Police Jury


Bryant Yopp
President


Linda B. Gatlin
Parish Treasurer